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NEWS SUMMARY

GENERAL

Skylab pieces miss towns

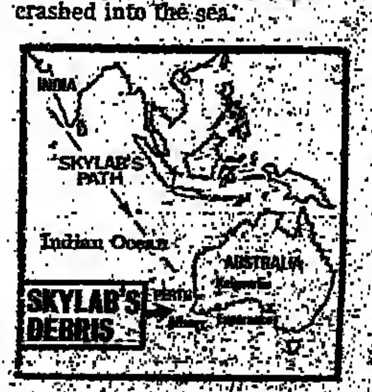
Up to 1,000 red hot fragments of the disintegrated Skylab space station were reported to be flying across Australia after the spacecraft plunged into the Indian Ocean off the country's western coast.

A spokesman for the Western Australia emergency services said sightings had been reported from Perth, the inland mining town of Kalgoorlie and the coastal towns of Esperance and Albany.

Kalgoorlie airport reported about 20 to 50 pieces flashing overhead and heading inland towards land mainly inhabited by aborigines.

An hour after the first sighting there had been no reports of injuries or damage, nor of anyone finding pieces of the spacecraft.

A National Aeronautics and Space Administration official said in Washington that the biggest pieces of Skylab, one weighing more than 5,000 lbs, crashed into the sea.



Labour row

The argument about power within the Labour Party developed yesterday with MPs from both Left and Right demanding more influence for the Parliamentary Labour Party at the expense of the party leader. Back Page

Hunt abandoned

A search has been abandoned for top TV scriptwriter Ian MacKintosh, missing in Alaska with Sue Insole, eldest daughter of former England cricketer and Test selector Doug Insole, and pilot Graham Barber, a British Airways captain.

Carrington trip

Lord Carrington, the Foreign Secretary, paid a surprise visit to Dublin, where he saw Irish Premier Jack Lynch and Mr. Michael O'Kennedy, his Foreign Minister.

Sadat for Israel

President Anwar Sadat of Egypt has accepted an invitation to visit Israel at the end of next month to continue normalisation talks with Israel's Premier Menahem Begin. Page 3

Zambian defence

Zambia's Defence Minister Alexander Grey Zulu is in East Germany working out details of an agreement for East German army officers to train Zambian troops to use Soviet weapons against Rhodesian aircraft and infantry. Page 2

Shah's assets

Iran has appointed lawyers in Berne and Geneva to "seek solutions" in connection with Swiss assets of the Shah of Iran's family. It is claimed that over £10bn was transferred there in the final months of the Shah's reign. Page 2

Briefly . . .

Norway said it would accept 3,000 Vietnamese Boat People and called on other nations to accept more refugees.

Syrian security forces killed two men and wounded a third following two bomb attacks in Damascus.

Earthquake killed at least 11 people in China's eastern Jiangsu province.

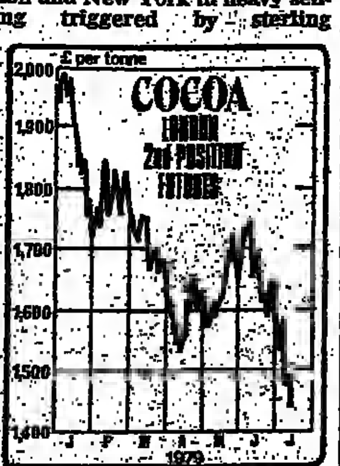
BUSINESS

Equities off 7.1; Sharp fall in cocoa

● EQUITIES fell on new money supply fears and the FT 30-share index closed 7.1 down at 468.6.

● GILTS eased with losses of up to ⅜ in longs, and the Government Securities index fell 0.25 to 72.95.

● COCOA fell sharply in London and New York in heavy selling triggered by sterling



strength, and the September position closed £52 lower at £1,442.5 a tonne. Page 37

● STERLING rose 1c to close at $2.2325, and its trade weighted index increased to 71.3 (71.0). The dollar's fell to 84.4 (84.7).

● GOLD fell $1¼ to close in London at $289¼.

● WALL STREET was 4.69 down at 845.65 near the close.

● OIL PRODUCERS are expected to agree an increase in North Sea crude prices in the next few days. The rise will be close to the upper limit of $23.50 a barrel recently set by OPEC. Back Page

● NORTH SEA plant costing £50m to process natural gas is to be proposed today. Three companies are applying to the Orkney Islands Council to build the plant on board two redundant supertankers off the island of Flotta. Back Page

● RECOVERY in share prices was responsible for the rise in the share of wealth of the richest 1 per cent from 22.5 per cent in 1974 to 24.9 per cent in 1976, the Royal Commission on the Distribution of Income and Wealth reports. Back and Page 6

● RETAIL price inflation may not accelerate as rapidly as feared by the Treasury. The 12-month rate is likely to be 15-16 per cent by the fourth quarter against the Treasury projection last month of 17.5 per cent, according to Economist Intelligence Unit. Page 7

● NET INVISIBLE earnings in the UK are expected to rise by 5-6 per cent this year, the Committee on Invisible Exports said. Page 4

● EEC Commission is expected to respond soon to an urgent appeal by Portugal for a relaxation of the quotas on its textile and clothing exports, particularly to the UK. Page 4

● FEDERAL LEASING of the U.S. has sued Guardian Royal Exchange Assurance of the UK as part of its $560m legal action against 55 of Lloyd's of London underwriting syndicates and 16 other insurance companies. Page 6

● MIDLAND BANK and the industry's main union accepted an ACAS invitation to take the pay dispute involving clerical and computer staff to independent mediation, but the union is still preparing to step up industrial action. Page 8

● CHRISTIE-TYLER, the upholstery and cabinet furniture maker, reports pre-tax profits for last year up 133 per cent from £1.81m to a record £4.22m on turnover of £69m (£48m). Page 26

● H.P. BULMER HOLDINGS, the cider group, reports pre-tax profits down last year from £2.72m to £2.52m. Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Brown and Tawse	132	+ 6
Cartiers	134	+ 4
Christie-Tyler	99	+ 9
Hellas	74	+ 4
Imp. Continent. Gas	336	+ 6
Latham (J.)	165	+ 10
Otter Explo.	42	+ 5
FALLS		
Treas. 12pc 83 A.	£98¼	− 1
Excheq. 12½pc 99 A (£40 pd.)	£40½	− 1
Barker and Dobson	19½	− 2½
Blue Circle	258	− 8
Brown (J.)	473	− 10
Bulmer (H. P.)	176	− 4
Downing (G. H.)	124	− 4
EMI	107	− 9
GEC	350	− 8
ICI	324	− 6
Lloyds Bank	330	− 5
Metal Box	260	− 6
NatWest Bank	355	− 10
Rank Org.	218	− 7
Royal Insurance	332	− 8
Scottish Metro.	118	− 5
Sirdar	92	− 10
Spillers	38½	− 2
Tricoville	73	− 15
Trust House Forte	153	− 6
Turner and Newall	125	− 8
Minorco	160	− 14

Soundness of dollar not in doubt—Blumenthal

Rising oil prices 'will lead to recession in U.S.'

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

With President Carter near the end of his week-long domestic summit at Camp David, his chief economic spokesman and the independent Congressional Budget Office came up with grave assessments yesterday of the impact on the domestic and international economy of the latest round of oil price increases.

The budget office analysis was released a day before the Administration is due to produce its mid-year review. Mr. Michael Blumenthal, Treasury Secretary, said that that was likely to show less sombre figures than contained in the budget office report and would at least demonstrate that a serious recession was still avoidable.

However, a recession, in the classical definition of two quarters of contracting industrial output, seems assured, even on Mr. Blumenthal's more guarded admissions. The budget office put it more bluntly. It concluded: "The most likely outcome for the remainder of 1979 is a mild recession with rising unemployment and high, but moderating, rates of inflation."

It added that any recovery next year would be weak by historical standards, with unemployment, a hypersensitive indicator in a presidential election, remaining at more than 7 per cent.

Specifically, the office predicted that the real growth in gross national product, the output of all the nation's goods and services, would range from minus 2 per cent to zero this year.

Consumer prices should rise in a range of 9.9 to 11.9 per cent, dropping to 7.9 to 9.9 per cent next year; unemployment should rise from its present 5.6 per cent to reach 6.4-7.4 per cent this year and 7.7 per cent next year.

Mr. Blumenthal concentrated his Congressional testimony mainly on the Tokyo economic summit. He repeated that OPEC's price increases would add 1 per cent to the inflation rate and knock 1 per cent off growth this year and next. He added that even those estimates "may not fully capture the impact of continued oil price escalation and supply uncertainty on business confidence, consumer behaviour and wage demands."

Globally, he noted that the prospects for non-inflationary growth in the developed countries had been seriously hampered, while severe damage might be inflicted on the developing world.

In the industrialised world, he foresaw a reduction of 1 per cent in growth this year and 1¼ per cent next, with 1-1½ per cent added to existing inflation rates this year and 2-2½ per cent next.

Mr. Blumenthal argued that the soundness of the dollar should not be doubted, and that, in spite of a higher oil import bill, the U.S. current account deficit would fall this year from last year's $13.6bn and might even disappear next year through slower domestic growth, strong export performance and increased earnings on U.S. investments overseas.

He urged, however, that domestic economic policy needed to be re-oriented more heavily

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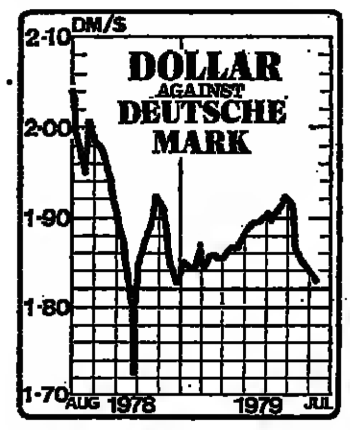
General Motors delays new cars, Back Page



D-mark in strong demand

By Peter Riddell, Economics Correspondent

The Deutsche Mark was in strong demand yesterday ahead of today's meeting of the Bundesbank Council, which is expected to raise West German interest rates.

Widespread intervention by several Continental central banks, mainly selling Deutsche Mark and by the U.S. Federal Reserve limited the rise in the Deutsche Mark and the fall in the dollar.

The U.S. currency fell to DM 1.8247 at one stage — near its low for the year—before recovering to close at DM 1.8285. The Deutsche Mark also strengthened against the main Continental currencies.

Dealers recognise that a rise in German interest rates may make the D-mark more attractive. This could intensify existing pressures on some of the weaker currencies in the European Monetary System.

The dollar was also weak on its own account yesterday because of further worries about the U.S. economy and energy policy. The dollar trade-weighted index, as calculated by the Bank of England, fell by 0.3 points to 84.4 for a decline of 3 per cent in the last six weeks.

In contrast, sterling strengthened and rose one cent to $2.2325 after touching a peak of $2.2450 in the morning.

Money Markets, Page 35
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£ in New York	July 10	Previous
Spot	$2.2195-2205	$2.2065-2075
1 month	0.76-0.78 dis	0.80-0.74 dis
3 months	1.73-1.85 dis	1.78-1.72 dis
12 months	4.55-4.45 dis	4.60-4.40 dis

Evans warns: Don't be provoked

BY ALAN PIKE, LABOUR CORRESPONDENT

BRITAIN'S largest union was put on the alert yesterday for the coming pay round, but was warned not to be provoked too easily and to be sure that any battles were on ground of its own choosing.

Mr. Moss Evans, general secretary of the Transport and General Workers' Union, whose members were in the forefront of most of last winter's big disputes, told delegates to the union's conference at Scarborough that they must not be too easily provoked by Conservative policies.

In the past the trade unions had been blamed for inflation, and the general election result demonstrated that they had "lost the battle for the public's mind," Mr. Evans said.

The Government was now deliberately and cold-bloodedly creating inflation by its economic policies, and the unions must not fall into the trap of being held to blame for Conservative policies.

He warned: "The Tories would love nothing more than seeing all our troops rising up out of their industrial trenches, carrying the banner of a fixed percentage claim, and marching forward into a barrage of hostility, like lambs to the slaughterhouse of public opinion."

A Dutch auction of percentages was not the trade union movement's first priority in the face of the "inflationary provocation" of the Conservative budget.

Ability

Mr. Evans' remarks indicate that he would prefer to see the pay round develop on the basis of companies' ability to pay, with negotiators working to justify individual claims on merit, rather than on an all-embracing percentage norm.

He left no doubt, however, that the actual level of claims is for members to determine, and the TGWU leadership will attempt to impose no central control.

Free, unfettered collective bargaining meant "letting the members decide what they believe is best for them in their own circumstances and what ways are most practical for them to progress their demands."

Mr. Evans also said firmly that he would not be interested in joining the national economic forum which the Government is considering establishing to debate pay and other economic issues.

Conference delegates almost unanimously supported a call from Mr. Evans to re-affirm the TGWU's belief in unfettered collective bargaining. Delegates declared their strong opposition to Government intervention in wage bargaining in the private or public sector of industry "through sanctions, formal incomes policies, or cash limits in the public services."

Free collective bargaining, said Mr. Evans, meant keeping all options open, and "thinking carefully about where we fight our battles instead of letting the employers and their Government friends choose the battleground, the timing and, most importantly, the issues themselves."

It would not be possible for the trade unions to turn the tide of Conservative inflation and regain public support, if they were too easily provoked.

Choose

"The champagne bottles would come out in the Boardrooms, the Stock Exchange would jump—and especially so if we didn't do very well out of a pitched battle."

The unions must instead choose their ground carefully and, remembering that prosperity depended on developing the social wage alongside take-home pay, must not be deflected from key battles over issues like the 35-hour working week, longer holidays, and better pensions.

"We should not let the Tories narrow down our horizons with their provocative inflationary Budget, hoping to cut their costs and boost profits by diverting our energies into a single channel."

While Mr. Evans' speech sounded a firm note of caution about the way in which the coming year's pay claims should be handled, Left-wing delegates departed from the conference well satisfied that the actual running will be made very much at local level.

It was this, during last winter's lorry strike, which led to concern in some quarters that the TGWU was exerting insufficient restraint over its members. But it is the union's firm policy that free collective bargaining means nothing unless pay claims are determined by the members themselves.

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Ford Motor to buy 25% stake in Toyo Kogyo

BY JOHN WYLES IN NEW YORK AND CHARLES SMITH IN TOKYO

FORD MOTOR of the U.S. yesterday added to the growing number of equity links between international car companies by announcing that it had reached agreement to buy a 25 per cent stake in one of Japan's leading car and lorry manufacturers, Toyo Kogyo, the maker of Mazda cars.

The agreement represents success at the second attempt for Ford, which tried unsuccessfully seven years ago to buy its way into Toyo Kogyo. It was anxious then and is now to follow a path blazed by General Motors with its 34 per cent of Isuzu and Chrysler Corporation, which has 20 per cent of Mitsubishi.

Toyo Kogyo, however, appears to be a better prize because it is substantially larger than the Japanese partners of GM and Chrysler.

The announcement comes two months after the initial revelation that Toyo Kogyo was planning to transfer "around 20 per cent" of its share capital to Ford.

Equity links have become increasingly popular among the top international companies as they seek to develop global markets. As well as owning part of Mitsubishi, Chrysler has a 13.76 per cent holding in Peugeot Citroen following the sale of its European operations to the French Company, and it is in a joint venture with Volkswagen in Brazil.

More recently Fiat of Italy has announced that it will take control of Spain's Seat while on the lorry front, Renault is buying 15 per cent of Mack Trucks of the U.S.

In Britain, BL is developing a new model with Honda of Japan, though there is no equity link between the two companies.

Ford's aim is for a significant expansion of its car and truck sales in the Asia-Pacific region.

The stake in Toyo Kogyo will be acquired via an exchange of the shares of Ford Industries (a Japanese subsidiary of Ford Motor) for Toyo Kogyo shares on a one-for-one basis.

The exchange will take effect on November 1 and will result in an increase in the total share capital of Toyo Kogyo from Y25.7bn (£56.9m) to Y34.3bn. The share capital of Ford Industries, at present only Y16m, will be raised to the level necessary to match Ford's 25 per cent stake in Toyo Kogyo.

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State may aid small companies

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A STATE-BACKED financial aid scheme aimed at encouraging venture capital companies to provide equity of up to £100,000 for small companies is being designed in Whitehall with the backing of Sir Keith Joseph, the Industry Secretary.

It is envisaged that aid would be provided under the Industry Act 1972, for a trial period of three or four years to subsidise venture capital companies for the administrative costs of lending to small companies and to underwrite their equity investments.

The fact that Sir Keith and his colleagues are prepared to consider such a scheme at a time when their main policies are aimed at dismantling the 1972 Act's selective industrial aid arrangements is an illustration of their concern about the need to encourage the growth of small companies.

They realise that the Budget's tax incentives will not do enough to release the entrepreneurial drive that they believe to be urgently necessary. They are, therefore, now reviewing detailed forms of selective Government intervention, which could be used till the economy picks up.

One possibility is that the Industry Department's regional small companies' counselling service will be used as a means of channelling risk finance to small companies.

The venture capital initiative follows a meeting last week of Sir Keith, Mr. David Mitchell, his small businesses Minister, and representatives of companies such as the Industrial and Commercial Finance Corporation, Midland Montague and Gresham Trust.

Details of the scheme were not discussed at the meeting. But the plan now being worked out by Sir Keith's advisers as a basis for consultation with those involved could involve a Government contribution of up to £5,000 towards the venture companies' administrative costs for each equity investment of between £10,000 and £100,000. There would also be a pledge to cover up to 50 per cent of the costs if a small company failed.

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Italy Communists back Berlinguer

BY RUPERT CORNWELL IN ROME

THE ITALIAN Communist Party's central committee has finally agreed on a new ruling hierarchy, a month after June's electoral reverse. This appears to leave the authority of Sig. Enrico Berlinguer, the Communist Party leader, largely intact, in theory at least.

Contrary to earlier speculation the committee, which ranks only second to the full party congress, did not appoint deputy secretaries, a step which would have formalised a more collegial approach to policy-making.

Nor has it set up a separate "political office" along the lines of that which existed between 1966 and 1975. Such a body could easily have become a new centre of power within the party leadership, and might have undermined the position of Sig. Berlinguer.

The new structure was announced only yesterday, after a further session of the Central Committee. Last week, the body spent four days of heated debate in an inquest on the party's sharp drop in support at the last general election.

However, Sig. Berlinguer, helped perhaps by the lack of any focus for opposition, maintained that the "historic compromise" with the Christian Democrats should remain the foundation of the party's strategy, even though he acknowledged the need for a closer relationship with the Socialists on the Italian left.

In fact, the failure of a clear new line to emerge reflects above all the uncertainty and persisting splits within the Communist Party over what to do to re-establish its electoral position. Both the historic compromise and the so-called "left-wing alternative" remain clouded by ambiguity. The issue has been confused further by the present attempt by Sig. Bettino Craxi, the Socialist leader, to form a Government.

Both the main day-to-day executive bodies have been streamlined. The Secretariat around Sig. Berlinguer has been cut from eight to six, while membership of the party's directorate has been reduced to 32 from 36.

Sig. Pietro Ingrao, the former National Assembly president and a rival in popularity to Sig. Berlinguer, has not entered the Secretariat, which remains the key grouping at the top of the party. Sig. Giorgio Napolitano, a strong advocate of the "historic compromise," remains in the Secretariat, contrary to some expectations, with responsibility for the key area of internal party organisation.

Nor have any of the Communist Party's most outspoken hardliners been included. However, two former members closely identified with Sig. Berlinguer have been dropped. Instead, Sig. Adalberto Minucci, previously editor of the party's weekly Rinascita takes over Press and propaganda affairs, while Sig. Alessandro Natta, formerly head of the parliamentary group, takes over the job of "co-ordination" alongside Sig. Berlinguer.

Every sign is that divisions in the party have been exacerbated by the choice of Sig. Craxi to form a Government. Communists long dubious about the "historic compromise" see the possibility of a Socialist Premier as an ideal occasion for raising the standard of the so-called "left wing alternative" ruled out last week by Sig. Berlinguer.

This morning, Sig. Craxi meets Communist leaders to sound out their views. The initial Communist reaction to his initiative has been cautious, but not discouraging, but everything clearly will hinge on the Communist attitude should they continue to be excluded from Government posts.

The Christian Democrats have also been at pains to avoid dismissing Sig. Craxi out of hand. But party leaders have left no doubt that they intend to press for stern, perhaps impossible, conditions before agreeing to serve under the Socialist leader.

Sig. Enrico Berlinguer

Zambian defence chief in E. Germany

By Leslie Colitt in East Berlin

MR. ALEXANDER GREY ZULU, Zambia's Defence Minister, is in East Germany at the head of a Zambian military delegation working out details of an agreement for East German army officers to train Zambian troops to use Soviet ground-to-air missiles and modern artillery.

General Heinz Hoffmann, the East German Defence Minister, who recently visited the Soviet Union for consultations on the joint military aid programme to the southern African "front line" countries, praised Zambia's "important contribution at the front of the African progressive forces."

The Zambian defence chief is to tour East German missile units which will be instructing Zambian troops, and is to attend artillery demonstrations by the Volksarmee. His visit follows a six-day one to East Germany late last month by Mr. Joshua Nkomo, co-president of the Patriotic Front, whose headquarters are in Zambia. Herr Erich Honecker, East Germany's Communist Party leader and President, told Mr. Nkomo that East Germany regards itself as taking part in a "war of liberation" in the area.

Gen. Hoffman said Zambia's air space is constantly being violated by Rhodesian aircraft, and that not every "settlement or refugee camp" can be supplied with air defence. He explained that the "British colonial masters" have left behind a 90 per cent illiteracy rate among the population, and that the "handling of modern weapons is complicated."

"This is why the training of specialists, engineers and officers, as well as subalterns" is perhaps the "most important contribution Socialist countries and armies can make in the spirit of proletarian internationalism," he said.

Schmidt may offer Oslo oil-for-investment deal

BY ROGER BOYES IN BONN

CHANCELLOR Helmut Schmidt of West Germany is to fly to Oslo today for talks with the Norwegian Government, mainly on ways of increasing co-operation on oil and gas.

One major theme in the Chancellor's talks with Herr Odvar Nordli, the Norwegian Premier, is expected to be the possibility of stepping up German investment in Norway in return for North Sea oil concessions or increased supplies of crude. The idea was first raised in German-Norwegian talks some years ago, but appears to have been shelved because of Bonn's doubts about the high cost of extracting North Sea oil.

There now appears to be a change coming. Dr. Volker Hauff, the German Technology Minister, tentatively agreed last month with his Norwegian counterpart, Herr Olav Haukvik, on an energy co-operation programme, including offshore technology and the construction of a gas liquefaction plant in Norway. A formal agreement is likely to be signed early next year, and could form the basis for an energy-for-investment deal.

Bonn is understood to be interested in making a similar arrangement with Britain. The key to any such deal with Norway or Britain would be Veba, the large West German energy concern, and which, through its subsidiary Deminex, has significant North Sea interests. Veba is eager to secure guaranteed access to even greater oil supplies.

Norwegian oil is still relatively expensive, and Oslo ranks as a marginal supplier of crude oil to Germany. But the German reasoning appears to be that security of supply—especially after the troubles in Iran—can often outweigh the price disadvantage. Norway supplied Germany with 2.4m tonnes of oil to the value of DM 566m (£140m) last year, compared with 1.6m tonnes in 1977, thus pushing the trade balance in Oslo's favour. Norway exported DM 4bn worth of goods—mainly oil and gas—to Germany last year, but imported goods worth only DM 3.1bn.

Gas has also become a more pressing issue between the two countries, after the threat to the Igat II pipeline between Iran and the Soviet Union. Under an exchange agreement, the Soviet Union was to have fed 5.5bn cubic metres of gas to West Germany in the 1980s. Norway supplies 10 per cent of Germany's gas and, on present plans, will supply 12 per cent by 1980. But this proportion may have to rise if there is a shortfall from the Soviet Union.

UK boosts W. German oil sales

BY GUY HAWTIN IN FRANKFURT

BRITAIN THIS year has become West Germany's fourth largest crude oil supplier. The Federal Republic's imports from the British North Sea account for about 10 per cent of the country's total purchases.

Only Libya, Saudi Arabia and Nigeria supply more oil than Britain to West Germany. In the first quarter of the year Libya's shipments of oil to the Federal Republic were worth DM974.9m (£239.5m); Saudi Arabia's were worth DM869.2m and Nigeria's totalled DM862.7m.

Crude oil imports from Britain increased by 106.7 per cent to DM569.9m in the first quarter this year. Britain's share of the Federal Republic's oil market almost doubled from 5.7 per cent to 10.3 per cent.

Shipments of UK oil to the Federal Republic are now greater than those of Iran, which despite the heavy decline in exports following the revolution, remains Germany's second largest Middle East supplier.

During the opening three months of this year Iran's shipments of oil to the Federal Republic fell from DM1.1bn to DM550.2m.

The trend towards increased German imports of UK North Sea oil appears to be continuing.

Provisional figures for the opening five months show that oil imports from the UK totalled DM 990.5m compared with DM 484.7m in the same period of last year—an increase of 104.4 per cent. No market share figure, however, is yet available.

Despite the heavy increase in imports, which rose 20 per cent overall in value terms in the first four months, oil consumption in West Germany has remained relatively steady. By the end of April the country's official oil stockpile had risen by 11.7 per cent—or 29m tonnes—to 32.4m tonnes. The country's oil stockpile then covered 108 days consumption against 99 days a year earlier.

The official oil stockpile figures, however, do not give the complete picture. Leading consumers of oil products, such as the chemicals industry, have also been building up their private reserves. The full extent of this build-up is impossible to determine.

Meanwhile, there are no real signs of an oil shortage here. Prices of motor fuel and heating oil have risen substantially, but there still seems to be plenty of it about. Some newspaper reports say garages are limiting petrol sales to 30 or 40 litres a time but, in contrast to Britain, this is still extremely rare.

Iran acts on Shah's Swiss funds

By John Wicks in Zurich

LAWYERS in Berne and Geneva have been appointed by the Iranian Government to "seek solutions" concerning Swiss assets of the Shah's family. But no major legal steps have yet been taken, Mr. Gholam-Ali Farivar, Iran's new Ambassador to Berne, said.

Earlier this year, the Swiss authorities refused a request from Tehran to block the Shah's family accounts in Switzerland, but drew attention to legal proceedings open to the Iranian Government.

Mr. Farivar said he did not know how much money was involved, but expressed fears that withdrawals had been made.

A report prepared in March by the Swiss National Bank indicated that Iranian Bank holdings in Switzerland at the end of 1978 and six months earlier were only a fraction of the sums alleged by the Iranian Ministry of Justice to have been sent there.

The Ministry is reported to have claimed that the deposed Shah and his family transferred over $21bn (£9.5bn) to Switzerland in the final months of the Shah's reign.

The Ambassador said Iranian-Swiss relations were excellent and had not been affected by the problem of the Shah's funds.

● The Swiss Federal Council has ruled that the revised National Bank Law should come into force on August 1. The law has already been approved by both Houses of Parliament.

The new legislation strengthens the position of the monetary authority, anchoring in permanent law National Bank measures hitherto dependent on temporary federal decrees.

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ETA bomb campaign called off

BY DAVID GARDNER IN MADRID

THE RECENT bomb attacks on Spain's Mediterranean tourist resorts seem to have ended, following withdrawal of paramilitary police units from cells and galleries of the maximum security jail at Soria, northern Castille, where over 100 ETA suspects are being held.

This was one of the key demands put forward by the Basque guerrilla organisation's politico-military wing when it began its bombing campaign.

The paramilitary units, armed with machine-guns and anti-riot equipment, have not been withdrawn from the jail precincts. The cell and gallery duty, however, was the main cause of frequent incidents between prisoners and police.

The Government and prison authorities are also considering the phased "repatriation" of the alleged ETA activists to Basque jails. This was the second of ETA's demands.

The Soria prisoners have been the subject of an extremely vocal campaign in the Basque country. But it seems likely that the most effective pressure came from the semi-autonomous Basque General Council.

It will certainly be seized on by the Government's opponents, particularly the Right, as giving in to ETA.

ETA (Politico - Militar) planted 13 bombs across Spain's southern and eastern coastlines in eight days, up to last Thursday, when the last explosion occurred. Telephoned warnings were given in all cases, and no one except a Belgian couple who ignored police instructions, was hurt.

● Spain's largest trade union, the Communist-led Comisiones Obreras yesterday led an unprecedented half-hour national strike in protest at forthcoming government legislation limiting the right to strike. The success of the stoppage, banned in Madrid and opposed by the Socialist Union General de Trabajadores is disputed. Officials of the Communist-led union claimed that stoppages of at least half an hour took place throughout the national railways, the car, steel, chemical, textile and engineering industries.

Spanish growth hit by oil prices

BY ROBERT MAUTHNER IN PARIS

THE SUCCESSIVE increases in oil prices this year will reduce Spain's rate of growth, give a further boost to inflation and adversely affect the country's balance of payments, according to the latest OECD forecasts.

In a special note attached to its survey of the Spanish economy, prepared in April this year, the Organisation's secretariat admitted that its original forecasts had been overtaken by events. Real GDP was now expected to grow by much less than the 4 per cent predicted earlier and the recent improvement in Spain's price performance was likely to be halted.

According to OECD predictions earlier this year, the rate of consumer price increases would be brought down from a yearly average of 20 per cent in 1978 to around 14 per cent in 1979. Though the secretariat has made no precise new forecasts following the latest oil price rises, it states that the 14 per cent figure will be substantially exceeded.

The report noted faster than anticipated progress had been made to restore order to the balance of payments.

But the oil price increases and a slower growth in exports of goods and services could not fail to have an unfavourable effect on the balance of payments, and was likely to result in a substantially lower surplus in 1979 than the $1.5bn foreseen in the OECD's original report.

Corsican separatists jailed

By Terry Dodsworth in Paris

HEAVY SENTENCES were handed down on Corsican nationalist leaders yesterday at the end of a bitterly-fought trial at the French State Security Court on charges of provoking bomb attacks, possessing arms and attacking the integrity of the national territory.

The trial was widely regarded as a test case against the separatist Front for the National Liberation of Corsica, formed in early 1976.

Three of the leaders of this group were given what are considered to be exemplary sentences of 13 years imprisonment. Two others were sentenced to 10 years, and out of the other 16 accused, 11 were convicted for periods of between five and eight years.

During the case, the defence pleaded for an understanding of the political motives of the accused and an appreciation of Corsican separatist convictions.

When the sentences made it clear that this line of argument had not won the day, the court audience erupted with shouts of "Out with the French!" and a vigorous rendering of the revolutionary Corsican liberation song.

Denmark plans rationing to replenish fuel stocks

COPENHAGEN — The Danish Government moved yesterday to introduce rationing of fuel and diesel oil to secure the energy needs of industry and public transport and to help replenish the nation's dwindling stockpiles of oil.

In a memorandum to Parliament's energy committee, Mr. Arne Christiansen, the Trade Minister, said the energy situation is now so serious that restrictions have become necessary.

Only last month parliament imposed hefty surtaxes on oil, petrol, electricity and heating or cooking gas in a measure to curb consumption. Petrol saving speed limits have been in force for nearly a year, but government plans for a compulsory weekly car-less day for all motorists were dropped last month in the face of solid opposition and strong doubts about the practicability of the scheme.

Mr. Chrisiansen, who is empowered to act without Parliamentary approval, did not say when the restrictions would come into force. AP

Greece staggers civil servants' work hours

By Our Athens Correspondent

THE GREEK government has introduced a system of staggered working hours for state employees, as part of its plan to lessen the impact of the energy crisis.

The new timetables affect civil servants employed in Ministries, public agencies, state-controlled organisations and local government services. They are aimed at relieving strain on public transport and easing traffic congestion.

Lisbon political crisis deepens

BY JIMMY BURNS IN LISBON

PORTUGAL'S four-week-old Government crisis deepened yesterday, with the apparent inability of the political parties to offer a solution other than an early election.

This emerged after all-night meetings involving the Socialist Party and the Independent Social Democrats failed to produce any concrete proposals.

Earlier this week, both groups indicated their willingness to form a Government after President Antonio Ramalho Eanes had urged an inter-party agreement.

But yesterday, a Socialist communiqué accused the presidency of "ambiguity" and warned Presiednt Eanes that he would be held responsible if an autumn election was called

The Socialist Party was "not afraid of an early poll," and its election committee was already prepared,

The strongly worded communiqué has been widely interpreted as an unnecessary and time-wasting exercise aimed at hiding the continuing incompatibility of the parties.

The Independent Social Democrats have already told the Socialists that they would only join a Government if the Socialists agreed to step back from legislation involving agrarian reform and a national health service.

The Socialists have indicated that both these issues are non-negotiable.

Meanwhile, as promised in his weekend statement, the President is expected to address the nation before the end of this week.

Tories may support Mme Veil

BY ELINOR GOODMAN IN LUXEMBOURG

MME. SIMONE VEIL yesterday increased her chance of becoming the President of the European Parliament, with what was apparently a very impressive guest performance at a meeting of the newly-formed European Democratic Group.

The British Conservatives, who dominate the group and could hold the balance of power in next week's presidential election, will not formally decide who they will support until today. But the signs after yesterday's meeting were that the majority would back her.

Even so, Mme. Veil, who resigned as French Minister of Health to pursue a career in European politics, is still not guaranteed the united support of all the parties which make up the loose Centre-Right alliance in the Parliament.

Her involvement with abortion reform, coupled with her close association with the Elysee, was yesterday still worrying some Italian members of the Christian Democratic group, whose support she will also need if she is to be elected.

Because of an informal agreement between the parties of the Centre-Right in the old Parliament, it was generally acknowledged that it was the Liberals' turn to provide the presidential candidate.

On Tuesday, Mme. Veil beat M. Gaston Thorn, the former Luxembourg Prime Minister, by three votes for the Liberal nomination. But the other parties in the alliance had reservations about her selection, and were in two minds as to whether to stand by the agreement or to field candidates of their own.

William Dullforce, Nordic Correspondent, examines Sweden's experimental lowering of train fares.

A bold move to put Swedes back on the rails

THE SWEDES may not have solved the riddle of how to run a railroad in modern times, but their exciting cheap fare experiment is being closely monitored by railway managers the world over. The initial public response to the drastic 50 per cent reduction in passenger tariffs has so far exceeded expectations. The exhilaration at the State railway (SJ) headquarters in Stockholm's central station is almost palpable.

On June 27 SJ dropped its return fare rebate and reduced its single fares by 30 per cent. At the same time, it offered a further 40 per cent discount on these fares on any day except Friday and Sunday for travellers producing a special cheap fare card. This costs SKr 75 (£8) second class and SKR 115 first class, and is valid for one year.

After the first 10 days SJ estimated that it had sold nearly 80,000 of these cards, twice as many as it expected to sell. Ticket clerks at the central station complained that they could not cope with the demand.

It was too early to calculate the increase in passenger traffic accurately, but the first rough cast indicated a rise of 13 or 14 per cent. It was in any case considerably higher than the initial 8 per cent rise SJ had hoped for, and the more surprising because Swedes usually arrange their holiday travel well in advance.

In any case, SJ has clearly attracted travellers away from other modes of transport. This is no mean feat in a country with an excellent road network and with 2.9m cars for a population of 8m. The question now is whether SJ can consolidate the initial impact of its price cuts.

The Swedish rail experiment must be put into perspective. It is not intended to make SJ commercially profitable. Like most State railways, SJ has inherited a network, some parts of which have no economic justification but which, for local political reasons, it cannot get rid of. It receives a substantial State subsidy to operate these lines.

It will need to generate a 20 per cent increase in passenger traffic to compensate for the loss in revenue from its fare price reductions. While the initial response has been extremely strong, SJ still has to prove that it can meet that target in the longer term.

The relevance of the Swedish experience to other national railways is limited by the peculiar pattern of Swedes' rail travel. Half SJ's weekly passenger load falls on two days, Friday and Sunday — an unevenness in traffic density which is shared by few other countries.

However, the Swedish initiative is the outcome of a fresh look at public transport by the non-Socialist coalition which came to power in 1976. The SJ experiment was authorised by a new Transport Act passed this year which, in the words of Mrs. Agnetha Bondestam, the present Communications Minister, aims at "reviving railway traffic, restoring its market share and re-establishing the strength of the railways overall."

In Stockholm, now everyone can afford to take the train.

The Government, Mrs. Bondestam says, has made "a serious effort to penetrate the problems of railway investment." The groundwork for the new ACT was prepared by a traffic policy commission whose experts undertook a new cost benefit analysis of all Sweden's inland transport systems.

Few Members of Parliament can have followed this detailed study of the marginal social costs involved. But a majority of them accepted the (simplified) conclusion that railway passengers were being asked to pay relatively more of the heavy fixed costs of the railways than car owners were paying for the use of the roads, and that an increase in the use of the railways would be socially beneficial.

Mr. Bengt Furbäck, SJ's director-general, has a more practical approach. For him, the problem was to make use of the spare capacity on the five off-peak days of the week. With half the passenger traffic occurring on Friday and Sundays, SJ's rolling stocks had been planned to cope with that peak demand with the result that much has remained idle at other times.

In 1969 and 1970 SJ carried out a small fare-cutting experiment on the Stockholm Västeras line. The number of passengers went up but the railway found that it was covering only 85 per cent of its costs and, in line with the strict commercial principles the management was then trying to apply, the experiment was halted.

SJ executives were left, however, with the nagging feeling that a bolder low-price policy might have succeeded. With the backing of the latest cost-benefit analysis they have now been given the go-ahead for the halving of passenger fares, which they believe to be unique in railway history.

The new Act has opened the way to other changes. Under previous legislation, SJ's operations were separated into two categories. A so-called business network carried 92.5 per cent of the passenger traffic on less than half of the 12,000 km of track. This network is supposed to make a return on State capital invested, which varies with other interest rates and has been set at 8½ per cent for 1978-79. The other, so-called low tariff network, is run on a State subsidy.

For four years earlier this decade SJ showed a profit on its business network, but it has met its capital return target only once. For the past three years the reduction in goods traffic occasioned by the Swedish economic recession has kept it in the red.

In 1978-79 the State capital investment in SJ was SKr 764m (£82m). The Government will also cover the SKr 131m operating loss (made on a SKr 5.3bn turnover) by allowing SJ to cut its depreciation charges, and it will waive the SKr 193m interest which the State railway should have paid on its capital. The subsidy for the low traffic network was SKr 715m.

The new Act expands the "business" network into a national network incorporating 7,600 of the 10,800 kms of track which carry passengers, and accounting for 98.5 per cent of total passenger traffic.

The 1,780 kms of track which takes 0.6 per cent of the traffic can be closed down if the regional authorities agree; their approval is encouraged by an offer to transfer to their road services the subsidy now paid to the rail track. A new study will decide the fate of the remaining 1,350 kms of passenger-carrying track.

The Act sets new standards for the national network, calling for faster traffic and higher axle weights. SJ has been asked to submit detailed capital costs for these improvements. Its preliminary estimates indicate that some SKr 1.2bn a year will be needed through the 1980s.

SJ has always been efficient as railways go (it has cut its labour force by half since the 1950s and doubled its traffic load). Mr. Furbäck believes the new policy will make it a more effective competitor with road and air transport.

The most important factor could be the development of oil and petrol prices. Provided they attract enough passengers, railways use less energy than other forms of transport.

But over the next year the focus of interest will be SJ's imaginative price-cutting experiment.

Saudis stop new contracts amid budget uncertainty

BY JAMES BUCHAN IN JEDDAH

SAUDI ARABIA'S Finance Ministry has once again ordered a freeze on new government contracts in an attempt to curb government spending, according to bankers in Riyadh.

The freeze, which came into force with the announcement of a SR 160bn ($47.6bn) State budget at the end of May, falls well short of the 30 per cent in last year's budget ordered by the Finance Ministry. That was intended to curb waste and to keep expenditure more in line with revenue. Even so, ministries have now been told they may not enter new agreements, at least until after the Ramadan fast ending in the last week of August.

The instruction is understood to have been designed to restrain spending until the revenue picture is clearer. At present, uncertain levels of oil production and prices make economic planning difficult. Saudi Arabia is expected to announce soon that it has increased its production for the third quarter by up to 1m barrels a day. This extra production comes from the fields operated by the Arabian American Oil Company and is above the 8.5m b/d official production ceiling.

Last year, despite the Budget cuts, Saudi Arabia ran a budget deficit of SR 14.5bn ($4.02bn) which necessitated drawing on state reserves. This year's freeze is designed to reduce the risk of large-scale deficit spending, bankers say.

Saudi officials are keen to persuade other governments that their oil price policy is not dictated purely by financial needs. When an unspecified oil output increase was announced earlier this month a spokesman for the royal court said extra money was needed for the development programme.

Projects affected include contracts signed towards the end of last financial year—most notably the $1.5bn computerised missile site co-ordination system, ordered from Litton Industries of the U.S. in mid-April.

The Cabinet will probably meet in September to decide on spending priorities, and an increase in the overall budget is not ruled out. The budget agreed in June represented an increase of only eight per cent over last year which, at present inflation rates, represents no increase in real terms.

The present budget could have been covered at the June Aramco production level of a little over 8m b/d. Since then Saudi Arabia has agreed to an increase of over $3 in the price of its Arabian Light crude.

Whatever the financial background, observers see political reasons behind the production increase—which will almost certainly amount to 1m b/d. They say it is designed to reduce upward price pressure from other producers who have pitched their prices above Saudi Arabia's.

Nigeria poll dominated by ethnic loyalties

By Mark Webster in Lagos

ALHAJI SHEHU SHAGARI, presidential candidate of the National Party of Nigeria (NPN) expressed disappointment yesterday at the strong showing of ethnic loyalties in the first round of voting in Nigeria's general elections.

Results were still coming in for the 95 seats in the senatorial election held on Saturday.

Alhaji Shehu's NPN was leading the field in seats so far declared, with the Unity Party of Nigeria (UPN), headed by Chief Obafemi Awolowo, close behind. In third place was Dr. Nnamdi Azikiwe's Nigerian People's Party (NPP). None of the parties can now win an absolute majority.

Because each party has performed best in the region from which its presidential candidate comes the PNP has taken most of the northern states, the UPN has taken the western states and the NPP has captured the old Ibo heartland of the East.

Defections cost Desai his majority in Parliament

BY OUR FOREIGN STAFF

THE GOVERNMENT of Mr. Morarji Desai, India's Prime Minister, lost its overall majority in Parliament yesterday when 19 more members resigned from the ruling Janata Party.

A total of 46 members have resigned from the party since Parliament reopened last Monday, and Janata's strength is now down to 255 in the 544-seat Lok Sabha (Lower House).

The latest resignations came as the Lok Sabha started debating a no-confidence motion tabled by the opposition Congress Party. The vote on this is due on Monday after Mr. Desai has replied to his critics. For the time being it seems likely that the Government, with the support of regional and other parties, will carry the day.

Both the resignations and the debate are largely over the vexed issue of relations between Hindus and Moslems. All but two of the 46 Janata members who have resigned from the party have joined ranks with Mr. Raj Narain, a former Health Minister who had demanded the expulsion from the Janata Party of the faction of Hindu nationalists known as the Jana Sangh.

Mr. Narain has added to the intricacies of Indian party names by calling his breakaway faction the Janata (Secular) Party.

The debate comes after mounting communal violence, in which 146 people have been killed and 812 injured in the first five months of this year. Mr. Yeshwantrao Chavan, leader of the Congress Party, described the recurring riots as "the most shameless thing happening in the country."

He said the Janata leadership had brought about a "crisis of confidence." Mr. Desai's Government had scrapped independent India's tradition of secular politics.

The Congress (I) Party of Mrs. Indira Gandhi initially hesitated before supporting the no-confidence motion. It is disturbed because it has been displaced by Mr. Chavan's party as the major opposition party.

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Iran cuts off all foreign aid except to OPEC

BY OUR TEHRAN CORRESPONDENT

IRAN HAS cut off all financial aid to foreign Governments and institutions except the OPEC fund which helps poor countries pay their oil bills. Even that aid is under review, an official of the Ministry of Economy and Financial Affairs said in Tehran yesterday.

The former regime committed some $548m (£249m) in development aid to Jordan, Pakistan, Afghanistan, Saudi Arabia and Senegal, and grants to an Oxford college library in the U.K., the Pepperdine University in the U.S., and the Notre Dame Hospital in Italy. About $100m (£45.4m) of this aid had already been given.

The biggest recipient was Jordan, whose King Hussein was a close friend of the Shah. Iran donated $10m (£4.5m) for construction of military housing in Jordan and another $37m (£16.8m) for other development.

Pakistan received $8.5m, Afghanistan $5.6m, Senegal $2.5m and Saudi Arabia $100,000 under similar foreign aid schemes. The grant to Saudi Arabia was earmarked for setting up an Islamic news agency there.

The official said the aid was being stopped because "a great portion of the Iranian people are suffering from poverty and hunger." The statement reflects the inward orientation of the Islamic Republic.

The former regime had undertaken to pay $420m in aid to the OPEC fund, but revolutionary officials think this excessive, particularly when Saudi Arabia, the world's biggest oil exporter, is contributing only $415m.

The amount of Iranian aid to OPEC will be determined on a "logical and correct basis," the Government spokesman said.

AP reports from Abadan: Armed Iraqis and other "counter-revolutionary" elements landed on Iran's Minou island in the Shatt-al-Arab river between the two countries on Tuesday night and clashed with Iranian security forces. Reporting the incident, officials said one Iranian revolutionary guard was killed and one Iraqi wounded.

Mr. Begin's Government has small scope for curbing deterioration of the economy, **Anthony McDermott**, recently in Tel Aviv, reports

Israel inflation nears 100%

THE FOREIGN policy achievements of Mr. Menahem Begin, Israel's Prime Minister, should have put his Government in an unassailable position for the next general election, due in just over two years.

But the political benefits of the peace treaty with Egypt, provided it holds, have been seriously eroded by an economic policy which may well result in the annual inflation rate topping the 100 per cent mark by the end of the year.

Furthermore, economic developments likely in the coming months and years, taken with the structure of Israel's budget, give Mr. Begin's Government precious little scope for curbing the deterioration.

That is not to suggest that Israel is visibly on the edge of ruin. Sales of consumer goods are booming. Israelis spend rather than save as they see prices going still higher. On the sabbath, the seaside is crowded with bathers and yachts, and the streets clogged with cars. Light aircraft write advertisements in the sky or trail them on banners above the beaches.

Most Israelis are cushioned psychologically by index-linked savings bonds and wages, and the economy, in broad terms, is aided by a growth in foreign reserves, together with aid and grants mainly from the U.S. and West Germany. Nevertheless there is increasing concern.

Monitoring of the economy has been neglected somewhat because of preoccupation with the rapprochement with Egypt. Just before the momentous Sadat visit, one of the first acts of the new Begin government was to announce a new economic policy in October 1977.

The main features were: the Israeli pound was floated and foreign exchange controls relaxed; importing was made easier and export subsidies abolished; purchase tax was reduced and value-added tax increased from 8 to 12 per cent. a number of Government subsidies were cut back.

Perhaps relevant to this is the structure of the Likud coalition. The main components are Mr. Begin's Herut faction and the Liberals. The former draws its support from the urban lower classes and gives Mr. Begin a genuine populist concern for the less well-off. The latter's constituency is mainly among the middle class. In the allocation of cabinet posts the chief economic ministries went to the Liberals. As a result economic policies are perhaps more liberal than Mr. Begin would have liked.

The effects of the new policy have not been all bad, confounding those who prophesied total doom at the time. Foreign exchange reserves have doubled since 1977 to about $3bn. Foreign investments, although still relatively small, almost doubled in 1978 to reach $208m. Exports have risen from $3bn in 1977 to an estimated $4.3bn in 1979, though the growth rate is falling and the trade gap has widened.

The International Monetary Fund, in a recent report, praised the external liberalisation but condemned domestic policies.

Initially, the priority of the Government was the resumption of economic growth and the balance of payments. In the former case, there has undoubtedly been success after a period between 1975 and 1977, when the GNP annual growth rate averaged 2 per cent. Since then it has risen to 5.2 per cent in 1978, and should reach 6 per cent this year. The main areas of expansion have been in the construction and industrial sectors.

On current account, the balance of payments has been gradually improving from a peak deficit in trade and services of $4.08bn in 1975. This was reduced to $2.56bn in 1977, but rose again to $3.4bn the following year. Depending to a degree on the level of defence imports, a further deterioration is expected this year as a result of higher oil prices, the cost of imported goods, and the impact of redeploying Israel's defence establishment in Sinai.

On capital account transfers (mainly from the U.S. and West Germany) rose from $2.08bn in 1977 to $2.43bn in 1978. But in real terms these transfers have shown hardly any increase since the early 1970s.

As a result Israel has been forced to borrow abroad, thereby increasing its overall indebtedness considerably. For the moment, the Bank of Israel reckons that debt repayments remain comfortably within the scope of foreign currency reserves, but the total foreign debt outstanding (of which over 80 per cent is long term) has crept up from $10.72bn in 1977 to $12.15bn in 1978.

The crux is inflation. Over the year ending in May, the rate amounted to 65 per cent. But projected for 1979 on the basis of the first five months alone, it will reach 85 per cent. The main offender in generating inflation is the Government's budget, which consistently runs substantial deficits.

Under the impact of liberal exchange laws, both private and public consumption have risen. According to the Bank of Israel, private consumption rose by 8 per cent last year, after an average growth rate of 2.9 per cent in the previous three years. Public consumption rose by 11.3 per cent, having fallen annually an average of 4 per cent over the same period.

The combination of labour shortages and union pressure have ensured that average wages have in real terms just kept ahead of inflation. The result has been an ever increasing spiral, which will require unprecedentedly drastic measures if it is to be contained.

But the Government's ability to do this is extremely doubtful when, on June 24, Mr. Begin announced that there would be a short-term freeze on prices of basic subsidised foodstuffs, fuel and transport. Economists and politicians here threw up their hands in horror. Mr. Arnon Gafny, governor of the Bank of Israel, points out that when a price freeze was imposed last year inflation rose from 40 to 80 per cent.

Within the recently passed budget of I£320bn ($12.6bn) was an allocation of I£12bn ($500,000m) to cover subsidies to bridge the gap between the cost of certain essentials and their frozen price. The effect of the freeze will be to increase the budget deficit from anything between I£7bn and 20bn depending on the length of the freeze. In addition, a post-OPEC increase of 35 per cent in the price of fuel is firmly expected.

Several measures could be taken, such as cutting back the budget, and improving tax collection. But it is generally accepted that the most likely response is for the Bank of Israel to print more money, inevitably adding to the rate of inflation.

Under the terms of the peace treaty, Israel is within the next three years to move all its troops and facilities out of Sinai and redeploy them in the Negev. The U.S. is providing a grant of $800,000m and a $2.2bn loan towards the cost of the move, estimated at $4.4bn.

The major part will go to the building of two new air bases by 11 U.S. companies grouped into three consortia, and Israel is to finance the construction of a third base. Although efforts have been made to isolate this deployment from the economy by insisting that the U.S. companies provide their own manpower, there is going to be, over the next three years at least, a major strain on Israel's construction resources and its overstretched manpower.

The constraints on the Government's capacity to take decisive action are considerable. The budget's structure is such that one-third of expenditure goes on the payment servicing of internal and external debts, and one-third on defence. This leaves a meagre third with which to make adjustments.

The instruments the Government can use are limited. Subsidies could be cut back, but this would hit the poor. The budget could be cut back, but where? Defence expenditure has been reduced slightly, but further cuts would cause distinct unease to a security-conscious nation.

Sadat plans to visit Haifa

BY ROGER MATTHEWS IN CAIRO

PRESIDENT Anwar Sadat has agreed to visit Israel at the end of August, it was announced in Alexandria yesterday after two days of talks between the Egyptian leader and Mr. Menahem Begin, the Israeli Prime Minister.

Mr. Sadat will stay in the port city of Haifa during his visit and his acceptance of Mr. Begin's invitation indicates the determination of both men to continue talks as a regular process of working towards normal relations between the two countries.

Officials emphasised that the talks were not just "very friendly and relaxed," but had dealt with substantive issues.

AMERICAN NEWS

WORLD TRADE NEWS

Britain moving towards recognition, says Bishop

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

BISHOP Abel Muzorewa declared here yesterday that it was now "clear" that Britain was moving towards diplomatic recognition of Zimbabwe Rhodesia and an end to economic sanctions.

He described Lord Carrington's exposition of the latest British thinking on his country as "very good," but said that Britain was moving at its own pace towards normalisation of relations. He had no intention of exerting pressure for faster progress.

The Bishop also said that be did not have to take further steps to change the Zimbabwe constitution so as to minimise the blocking power over change now exercised by the white minority. But he agreed that "the time is now" for Britain and the United States to come up with concrete proposals in this direction.

Although at a breakfast meeting organised by Foreign Policy magazine here, the Bishop refused to say what had come up in Tuesday's talks with Mr. Vance, the Secretary of State, or what he would put to President Carter at Camp David yesterday afternoon, it is clear that the U.S. is impressing on him the imperative of constitutional change.

In the U.S. view, the Bishop may be under the illusion that if Britain recognises his Government and ends sanctions, the rest of the world would soon follow suit. Both Mr. Vance and Mr. Carter, it is believed, are trying to convince him that this cannot be taken for granted.

But, at the same time, the U.S. is stressing that if the Bishop does show himself receptive to constitutional change to lessen the whites' veto power — plus removing Mr. Ian Smith from the Government — then benefits could accrue.

One U.S. proposal envisages economic assistance to Zimbabwe Rhodesia and the promise of both diplomatic recognition and a lifting of sanctions by the U.S. if the Bishop agrees to new elections or a referendum on constitutional change, supervised by an external presence composed of either British, Commonwealth, or UN representatives, not necessarily involving the use of outside troops.

If this could be arranged, the U.S. would, in a significant departure from past practice, be prepared to approach the Front Line States and ask them to stop military support for the Patriotic Front forces, arguing that a peaceful resolution to the Zimbabwe problem is in both the economic and political interests of the Front Line leaders.

This does not necessarily mean that the U.S. is dropping its support for an all-party conference: instead it represents a *shift to the view that without* internal constitutional change, the prospects for a peaceful resolution and widespread international recognition of the Muzorewa regime are dim, regardless of what Mrs. Thatcher's Government decides to do.

The most that the U.S. is hoping for at present is, that in the month leading up to the Commonwealth Prime Ministers Conference in Lusaka in August, the Bishop will at least show some receptiveness to the possibility of re-writing the constitution.

At his breakfast appearance yesterday, there was no indication of this. He said that it was unreasonable to alter a constitution which had been in effect only for a little over a month, that the white presence and authority was necessary for economic reasons. Mr. Ian Smith, he said, was a single member of a minority faction in the Government, in no way constraining the effectiveness of the majority.

Mr. Vance with Bishop Muzorewa in Washington this week.

It was a testament to his Government's belief in democratic practices, the Bishop said, that it had not either executed or sent into exile previous political leaders.

Moreover, he argued that he had already held out the olive branch of both amnesty and dialogue to the Patriotic Front heirarchy and to the beads of the Front Lines States, but had been answered only with an escalation of hostilities.

Canadians face petrol shortages

By Victor Mackie in Ottawa

CANADIANS used more petrol last spring than either the oil companies or the Federal Government's energy planners had forecast. If the trend continues through the holiday months, consumers in Ontario and Quebec could face spot shortages especially of the harder-to-make *premium unleaded* petrol.

These shortages would lead to dangerously tight oil supplies in Eastern Canada in the late winter, it was reported yesterday. The National Energy Board is playing down the increase in consumption, to try to avoid the panic problems which have developed in the United States.

In April, demand for petrol grew by a disturbing 6.2 per cent in Canada, and by 7 per cent in the Eastern provinces. The increased consumption is thought to be due to more Canadians spending their holidays at home.

● Reuter adds from Washington: The U.S. should reject proposals to use wheat as a weapon against the oil-exporting Middle East countries, Mr. Thomas Foley, chairman of the House Agriculture Committee, said.

Support has emerged in the American farming community for the formation of a cartel of grain-exporting nations to hold back grain exports to the Middle East until the price of wheat is brought up to the price of oil.

Strike threatened at Goodyear

BY JOHN WYLES IN NEW YORK

THE UNITED Rubber Workers yesterday threatened a strike of its 22,000 members at Goodyear Tire and Rubber Company unless the number one U.S. tyre producer signs a new three-year pay deal, already agreed by its *three main rivals.*

Tyre industry negotiations are traditionally settled on the basis of a pattern agreement with one of the four major companies, which is then applied by the other three. The URW accepted a package from B. F. Goodrich last month which bas also been endorsed by Uniroyal and Firestone Tire and Rubber Company.

However, the Council on Wage and Price Stability, which administers the Government's pay policy, has already declared that the pattern deal probably breaches the guidelines limiting pay and benefits increases to 22.5 per cent over three years.

The council estimated its likely value at 36 per cent and warned that the offending companies might find themselves denied federal contracts under the sanctions policy aimed at enforcing the guidelines.

It is by no means clear whether Administration pressure is influencing Goodyear's approach to its talks with the URW. A union spokeswoman said yesterday that the strike would be called from midnight on Monday unless the pattern settlement was endorsed.

"We are not interested in negotiating a different contract, we want them to follow the others," she said. Goodyear was not happy with the pattern deal, she added, and was just "waffling."

● Rising feedstock costs, the sharp drop in new car sales and the economic slowdown have begun to affect the tyre companies. Goodyear warned earlier this week that its second-quarter earnings would be "disappointing" and indicated that it was still carrying above-average inventories, which had been built up in the first quarter as a hedge against a possible URW strike.

Generals 'not at ease' with treaty

BY DAVID BUCHAN IN WASHINGTON

SALT II was a useful but modest step towards arms control and would not by itself arrest "the very dangerous adverse trends" for the U.S. in the Soviet nuclear build-up, Gen. David Jones, chairman of the Joint Chiefs of Staff, warned the Senate yesterday.

This was a "softer sell" for the treaty from U.S. military officials than the Carter Administration might have hoped for. Senior officials have this week emphasised the diplomatic and political costs if the U.S. Senate rejects the treaty and Mr. Cyrus Vance, the Secretary of State, somewhat melodramatically expressed doubt about whether the NATO alliance could survive the defeat of SALT II.

Gen. Jones said that be had no doubt that SALT II would improve U.S. military security. But speaking for the Joint Chiefs, he said: "None of us is totally at ease with all the provisions of the agreement."

His public reservations will undoubtedly provide ammunition for Senate opponents of the treaty, signed last month in Vienna. One unofficial count shows that some 30 senators at present oppose the treaty, only four short of the number needed to block its ratification.

Speaking on the third day of Senate Foreign Relations Committee hearings, the general expressed disappointment that the Soviets had not been further restricted over heavy SS-18 missiles and their Backfire bombers.

In addition to Gen. Jones's caveats, the senators were treated to an almost schoolmasterly lecture from Mr. Harold Brown, the Defence Secretary, attempting to lead them through the intricacies of nuclear theology so that they could in the coming months come to a *reasoned assessment* of the treaty.

U.S. prepares for doubled influx of Indochinese refugees

New ingredients in the melting pot

BY OUR OWN CORRESPONDENT

A WEALTHY South Vietnamese manufacturer arrived destitute in the U.S. four years ago with the first wave of *refugees after the defeat of the* Saigon government. The only work he could find was as a plumber's mate, but he accumulated capital, and is now preparing to open a shrimp cracker factory.

His story is an example of the kind of successes the early Vietnamese immigrants have achieved here. More than 206,000 Indochinese refugees have settled in the U.S., and President Carter has doubled the quota to admit 14,000 "boat people" a month.

As a group the first settlers are doing well, says Dr. Darrel Montero, a University of Maryland professor and author of a new book, "Vietnamese Americans."

In his research on the first 140,000 refugees who settled *here*, Dr. Montero has found that 94 per cent of those who sought jobs are employed and earning steadily rising incomes; 90 per cent have incomes from wages and salaries rather than public assistance; and 51 per *cent have combined* household earnings of $800 a month or more.

Immigrants who do not speak English are not handicapped—about 89 per cent are employed.

The first South Vietnamese arrivals were greeted with mixed feelings. Guilt about the war mingled with fear that the new arrivals would become a burden to the State, or worse, take over scarce jobs at a time when the U.S. unemployment rate was 9 per cent. A Gallup poll found 54 per cent of the American people were against resettling Vietnamese in the U.S. But incidents of outright hostility were very isolated, the worst being the burning of a Vietnamese-owned fishing boat in New Orleans.

With the U.S. again sinking into a recession, the coming of vast numbers of new refugees will once more strain American hospitality. Although their predecessors are adjusting well, the newcomers will have more difficulty.

Two thirds of the first wave were urban Vietnamese from prosperous families. Many were the country's educated elite, who spoke English and had worked with the Americans.

Among them were the famous and the infamous. Former Prime Minister Nguyen Cao Ky now owns a liquor store in Los Angeles. General Nguyen Ngoc Loan, the man whose picture was printed world-wide as he executed a bound Viet Cong prisoner in 1968, was discovered by the Press running a restaurant in a small Virginia town.

The boat people, on the other hand, are mostly simple Indochinese farmers and fishermen, some of whom are illiterate in their own languages. Few speak English.

With a special federal programme paying the bill—$43.9m so *far*—the immigrants are resettled by private charitable organisations like the U.S. Catholic Conference and the Lutheran Immigration and Refugee Service. Families are placed with "sponsors" who help them adjust, find homes, jobs and training.

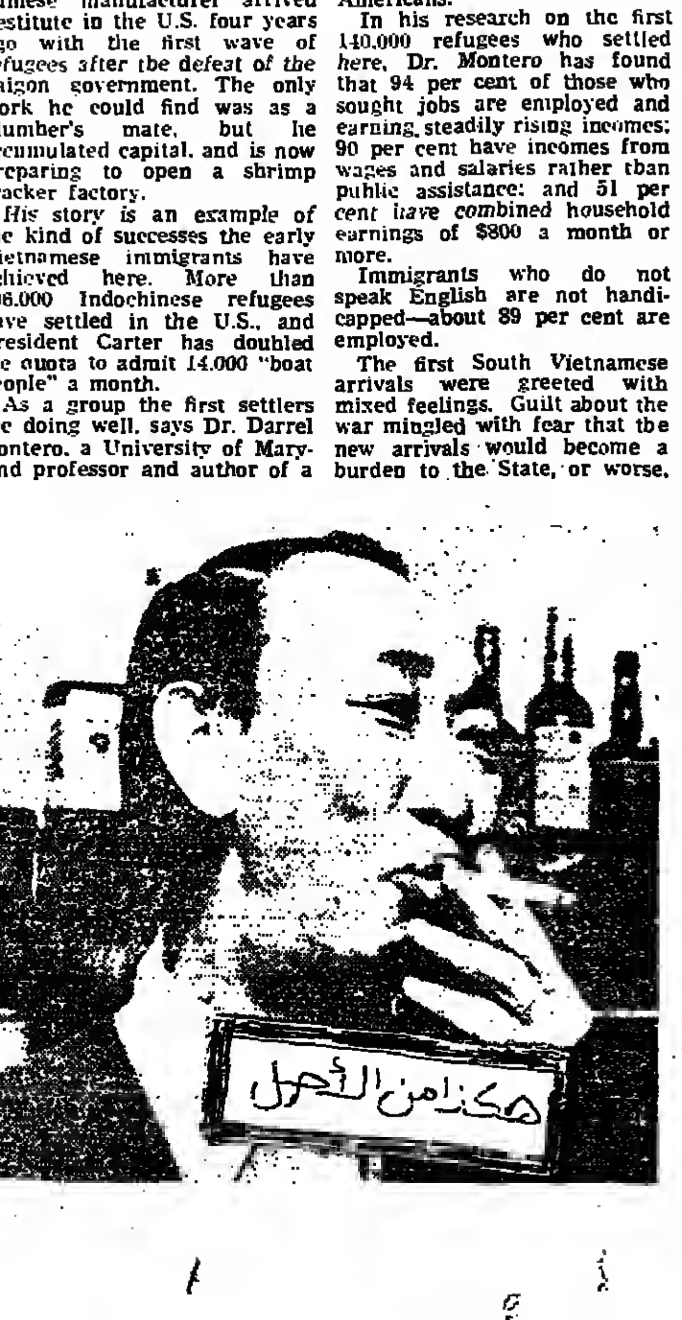
The early refugees were carefully distributed throughout the country to ease the impact of their arrival. Most of them stayed just long enough to earn some money before heading for friends and families settled in large cities.

They have shown a preference for climates resembling their homeland, so one out of four has settled in California: More than 15,000 have gone to Texas, and others are forming large enclaves in Pennsylvania, Virginia, Louisiana and New York. Many are going to Iowa, where local agencies have made concerted and apparently successful efforts to integrate the refugees.

The "boat people" have the extra advantage of aid from some of the 200 ethnic self-help organisations which have sprung up in the past four years.

What resentment remains towards the settlers is mostly expressed by lower-income groups who feel their jobs are threatened. A black community centre director in Iowa who helped seven Vietnamese families settle said he was amazed at how quickly they were accepted for employment. "The employers took them much quicker than they would the black male," he complained, because "Americans have opened their hearts to these people."

Dr. Montero feels there is still some general prejudice against Asians. He fumes about the plight of the "boat people," saying: "If a boatload of Frenchmen had sunk, the Seventh Fleet would be searching for them. But thousands, perhaps half of those who escape, are drowning. If they were white they wouldn't be ignored like this."



LEFT: Gen. Loan, running a restaurant in Springfield, Virginia.

EEC facing dilemma on Portuguese textiles

By Rhys David

THE EEC COMMISSION is expected to respond soon to an urgent appeal by Portugal for a relaxation of the quotas on its exports of textiles and clothing, particularly to the UK.

As a result of strong demand from customers, who include some of the big British retail groups, the Portuguese have used up well over half their quota for the present year in some products. They warn that some companies could be placed in financial difficulties if they have to halt deliveries of goods already ordered.

With textiles accounting for 20 per cent of manufacturing employment and 30 per cent of the country's exports, the threat to the industry could also deal a further blow to Portugal's already shaky economy and to its political system. It is being argued.

The quota problem has resulted mainly because Portugal last year substantially exceeded the levels laid down by the EEC.

In the case of the UK, which represents about half the entire EEC quota, shirt exports last year reached 2.18m, against a quota of 1.67m; and in women's blouses, where there has been a dispute over *classification*, 937,000 units were sent, compared with a quota of 310,000.

Portuguese manufacturers were hoping that this year's quotas would correspond to last year's actual performance, *but* instead they are being expected to return much closer to last year's quota levels. Thus the 1979 shirt quota is 1.7m, 100,000 more than last year's quota, but 400,000 down on delivery. In blouses the quota is 330,000, a decrease of 600,000 on last year's deliveries.

In the first five months of this year, Portugal had exported 245,000 blouses, or 74 per cent of its quota, and 1.38m shirts, or 78 per cent of its quota for the year.

The Portuguese appeal for help is likely to be opposed by the UK textile industry, which takes the view that Portugal's problems are to some extent self-inflicted.

"The Portuguese and their retail customers have known for some time that the EEC would be limiting the growth of their exports, and they have therefore been reckless in committing themselves to orders," a spokesman for the British Textiles Confederation said yesterday.

But the Portuguese say that the late signing of the restraint agreements meant quota levels for last year were not known until the end of the *year*, long after manufacturers had committed themselves. With this year's agreement only tied up at the end of 1978, they did not know their own individual shares of the quota until March.

The request made by Portugal, and now being studied by the Commission, is for adjustments to its quotas in Britain, France, Germany, Benelux and Denmark, and outside the EEC in Norway.

The most important changes being sought are in quotas to the UK. Portugal's traditional textile market, which last year took goods valued at £97m, or 50 per cent of EEC imports from Portugal. Here, Portugal would like to see quota increases in a number of important categories, including cotton yarn, shirts, blouses, trousers and bed-linen.

The president of the Portuguese Institute for Textiles, Dr. Ramiro Fonseca, claimed in Lisbon that the EEC could accommodate the extra quantity without breaching its global limits on textile imports by allowing greater flexibility within the quota arrangement.

Carter concern on energy may delay Trade Bill

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT CARTER'S preoccupation at Camp David with energy and economic policies appears to be threatening his hopes of speedy Congressional passage of the Trade Bill.

The Bill represents the efforts of U.S. negotiators at the recent Geneva conference of the General Agreement on Tariffs and Trade. Its passage in the U.S. is deemed essential to the implementation by the end of the year of an improved set of rules to govern the world's trading system by the end of the year.

The bill was approved yesterday by the full House of Representatives — the lower House — by a vote of 395 to 7, and the Senate Finance Committee is scheduled to vote today.

But the committee has warned the Administration that it will not let the Bill out of committee for consideration by the full Senate—the Upper House—until the President presents his proposals to Congress for reforming America's bureaucratic apparatus dealing with trade matters.

The Administration had promised Congress to disclose its reform package by Tuesday and, in fact, Mr. Carter was to have received final option papers from his own advisers for a final decision last week. But Mr. Robert Strauss, the *special trade* representative, was obliged to inform Congress on Tuesday that the President had been too busy with other high priority subjects at Camp David to authorise a proposal.

As a result, Senators Ribicoff and Roth told Mr. Strauss that the Bill will not be released from Committee until the Administration's proposals are received on Capitol Hill.

There are two versions reorganising the trade bureaucracy before the President, one drawn up by the Office of Management and Budget (and essentially supported by Mr. Strauss), the other by the State and Treasury Departments working together.

But neither version, it is thought, will satisfy those in Congress who want the creation of an entirely separate Trade Department.

It is still unclear at this stage how determined the Senators are to hold the Trade Bill hostage to bureaucratic reform. The Administration's timetable has been adhered to so far, and the plan was to have Congress finally pass the Bill before the August recess. It has already been unanimously approved by the House Ways and Means Committee, *thus almost* assuring beyond any doubt passage by the full House, and the Senate's concurrence has also been taken for granted.

Mixed outlook for UK invisibles

BY LORNE BARLING

BRITAIN'S net invisible earnings this year are expected to increase by five or six per cent, and the service industries concerned should hold or increase their share of world invisible trade, the Committee on Invisible Exports said yesterday.

The main reasons for the rather low predicted rise in earnings were given as the pessimistic view of the real growth in the world economy and the volume of world trade in services, and growing pressures on margins.

The forecasts were made in *the committee's annual report* and were based on a survey carried out recently. The most optimistic response came from consulting engineers, insurance brokers and the travel and civil aviation industries, which expected "a healthy rise in earnings."

Banking groups expected an increase in their market share, with the clearing banks the most optimistic. A modest rise in earnings was predicted by the export houses.

North and South America and South East Asia were expected to be the areas offering the greatest opportunities, while growth of business in Western Europe was thought to be less promising.

The chairman of the committee, Sir Francis Sandilands, said in the report that against the background of world recession, escalating service charges relating to North Sea oil, the private invisible surplus had remained remarkably constant, in the region of £4.5bn over the past three years.

The main pressure on the surplus had come from government transactions, on which the net deficit had grown from £2.2bn to nearly £3bn in two years alone. This was due largely to increases in net EEC contributions.

A striking feature to emerge from *1977* figures on the gross and net invisibles performance of major countries was the tendency for the gap between surplus and deficit countries to widen.

Nearly all those countries in surplus tended to increase their surpluses, while generally deficit countries increased their deficits.

The United States had much the largest surplus of $21bn, followed by the UK with $5.3bn, while at the other end of the scale Canada, Saudi Arabia and West Germany all had deficits of more than $7bn.

Swiss to extend customs preferences to China

BY JOHN WICKS IN ZURICH

THE SWISS Government is to extend customs preferences to China similar to those already granted to "other developing countries in the Southeast Asian area."

A statement by the Federal Council in Berne expresses the Swiss view that China is "without doubt" to be considered a developing country in the light of its economic situation. The granting of customs preferences is seen as promoting trade between the two countries, which in recent years has reached an annual total of SwFr 220m-250m (£62.8m-£71.4m) but with a surplus in favour of Switzerland.

Sectors such as textiles and shoes, where Chinese industry is considered competitive, have been excluded from the duty preferences.

In a related development a 10-year programme has been signed by representatives of the Swiss and Soviet Governments for the development of economic, industrial and scientific links between the two countries. The programme, whose central element is a "list of export and import wishes," foresees an expansion of visible and invisible trading between Swiss private enterprise and the Soviet Union, as well as cooperation in the construction, expansion and modernisation of industrial plants and various other forms of industrial and technological co-operation, including work on environmental projects.

A number of industrial sectors are specified as being the subject of particular attention, including machine-manufacturing, watchmaking and chemical production.

Turkey raises foreign income from exports

By Metin Munir in Ankara

TURKEY'S foreign currency *earnings from exports grew* by 28 per cent in the first four months of 1979 to about $860m (£390m).

Imports grew more slowly to $1.6bn, an increase of 12 per cent over the first quarter of 1978. The current account deficit at $750m was only slightly higher than that of the previous year.

Agricultural products still accounted for some 60 per cent of total exports, but industrial exports in the first four months of this year grew by more than 80 per cent over the January-May period of 1978.

Bahrain banks

The Bahrain Monetary Agency has called a halt to the issuance of new banking licences. Mary *Frings* writes from Bahrain. At the Board meeting last week, five applications for banking licences were turned down, two from newly registered exempt companies who hoped to open offshore banking units in Bahrain. They were the Pearl Bank, a subsidiary of the Kuwaiti-owned Pearl Investment Company, and the Gulf Bank, also formed by interests in Kuwait.

Cuba-India trade pact

INDIA AND Cuba have agreed to step up their economic and commercial ties. Reuter reports from New Delhi. The agreement was signed following talks this week between *Sr. Carlos* Rafael Rodrigues, the Cuban vice-president, and Indian leaders.

Koor to open in Egypt

BY MAURICE SAMUELSON

EGYPT and Israel have taken their first step towards commercial relations with the opening in Egypt of an agency for Koor, Israel's biggest company, owned by the Histadrut, the powerful confederation of labour.

The office has been established under an agreement signed in Cairo last week between Koor and an Egyptian Government-owned trade organisation.

According to Israeli reports, the Egyptians showed interest in Israeli expertise and materials in agriculture, the food industry, medical electronic equipment and solar energy. In the absence of full communications between the two countries, direct telephone and telex lines are being established between the Israeli and Egyptian companies and their respective banks.

WORLD CONFERENCE ON RURAL POVERTY

The poor are getting poorer

BY BRIJ KHINDARIA IN GENEVA

WORSENING terms of trade for *the main farm* exports of developing countries are dealing a harsh blow to Third World attempts to alleviate *rural* poverty.

In the long run, this lack of purchasing power in the poorer nations will retard the overall growth of world trade and jeopardise living standards in the West.

This conclusion was highlighted in reports prepared for a world confernece on rural poverty, which commences today in Rome.

They say that better terms of trade cannot replace well-conceived rural development programmes, but they *can* bring some telling improvements.

For the large majority of *developing countries*, barter terms of trade were negative over the period 1969-76. Of the 74 countries for which figures are available, less than one in four experienced favourable terms.

The worst bit were the poorest in the Third World. In addition to higher petroleum prices, they were hurt by rising costs of fertilisers, manufactured goods and basic foodstuffs, at a time when real prices for their exports were falling.

Twenty-three of the world's poorest countries, which also contain more than half the world's population, saw their terms of trade worsen by up to 30 per cent between 1970 and 1976, according to UN Conference on Trade and Development (UNCTAD) figures.

For example, in 1960 a rubber producing country was able to import six tractors in exchange for 25 tonnes of raw rubber. In 1965 only 3.5 tractors and in 1975 only two tractors could be bought for the same amount of raw rubber.

Government programmes were aimed at increasing land ownership, providing *financial* and investment resources needed by small farmers, developing transport and marketing infrastructure, installing education and health facilities, and introducing new, more productive technology and production methods.

But these could not be effective without a chain of links extending from the small farmer's isolated field to the international marketplace, where the product of his labour was valued in money terms by consumers, the reports said.

Recent figures showed that final consumers paid more than $200bn per year for the major primary exports, excluding oil, of developing countries. But the producers received only about $30bn with the rest going to rich nation middlemen.

The effect was that falling *living standards* in *the poorer* nations succeeded in dampening the rise of living standards in the richer countries.

The share of developing countries in world trade has been declining steadily, from about 15 per cent in 1960 to 11 per cent in 1974 and 10 per cent in 1976.

Many countries which depend heavily on agricultural exports for foreign exchange incomes, have *had* to scale down rural development programmes because of lack of funds. Worsening terms of trade have obliged them to give greater priority to export crops to earn foreign currency needed to pay for machinery imports. They have run into *domestic food shortages* as a result.

The agricultural import bills of non-oil *exporting developing* countries have increased sharply from $7.3bn in 1969 to more than $20bn in 1975 and 1976. The food import bill alone now amounts to $10bn, equivalent to 80 per cent of total Official *Development Assistance* (ODA) received by these countries.

Some countries have, however, *undertaken* successful programmes to increase home production to reduce imports. One such success was of India's creation of a dairy products industry.

A dark spot on the horizon for the poorer nations is the expected decline of development aid from the main donor countries to only 0.3 per cent of Gross National Product in 1980. The proportion was 0.35 per cent in 1975.

In comparison, the foreign debt of the non-oil exporting developing countries has risen to $200bn, and many of them spend one-fifth of their export earnings simply *on* debt service payments.

Pertamina £19.5m payoff to Burmah

By Ian Hargreaves, Shipping Correspondent

BURMAH OIL will receive net cash payments of $43m (£19.5m) under the terms of its final compensation settlement with the Pertamina Oil Company of Indonesia.

In addition, Burmah has received an undisclosed amount which has been used to buy the company out of loss-making charters on two 90,000 dwt oil tankers.

The rest of the $60m total settlement agreed between Pertamina and Burmah will go to the associates.

Agreement

They are thought to be mainly companies linked with Mr. Elias Kulukundis, the former managing director of Burmah Tankers, and Mr. Stephen Davids-Morelle, Pertamina's former chartering agent.

Burmah's $43m payoff, of which $12m has been received, brings to an end three years of litigation with Pertamina, which in 1976 refused to honour an agreement to employ seven tankers held on long-term charters by Burmah and its associates.

The rest of the $43m will be paid over the next three years.

Burmah's announcement that it has already bought out charters on two 90,000 dwt tankers comes on top of the previously undisclosed fact that it had earlier extricated itself from deals on two other Pertamina vessels, one of 54,000 dwt and one of 157,000 dwt.

This means that only three of the ships involved in the Pertamina wrangle are left in Burmah's fleet: two 140,000 dwt tankers and one of 116,000 dwt.

Burmah said yesterday that, contrary to previous reports, these ships are now trading and that it had no immediate intentions of further reducing its involvement in tankers.

Burmah's shipping operations lost £22.9m last year and a note in the 1978 accounts suggested that charter payments of £30m would be due in 1979, £25m in 1980 and a total of £72m between 1981 and 1998.

These figures will be reduced as a result of the Pertamina settlement, which follows the buying in of other charter commitments on four large tankers from the GATX corporation earlier this year. Burmah's tanker fleet is now reduced to 17 vessels, of which four are owned and 13 chartered in.

I stamped on Gaming Act breaches, Stein

BY JAMES BARTHOLOMEW

MR. CYRIL STEIN, chairman of the Ladbroke Group, yesterday maintained that he had not known about his company's breaches of the Gaming Act until they had happened.

But once he found out, he had done everything "to stamp out these most unfortunate occurrences."

He said: "I must bear the ultimate responsibility. I assure the justices that it will never happen again."

South Westminster licensing magistrates are considering Ladbroke's application for renewal of the licences of three of its London casinos. The police and the Playboy Club have objected.

Mr. Stein said: "I have always seen to it, that to the best of my ability, the Act was observed in every way. It is only because of that, that the relationship with the Gaming Board has been so good."

He said his efforts to stamp out the malpractices had succeeded.

Mr. Stein disputed that the payment of commission to people who introduced losing gamblers was not contrary to the Gaming Act. This was still going on with his knowledge, he said. It was a well known practice in the industry.

Mr. Stein described as "hare brained" the alleged "unit six" operation, whereby the owners of cars parked outside rival casinos were traced through the police computer.

He said most of the big gamblers were foreigners who were staying at Mayfair hotels and could walk round to the casinos. He also had a low opinion of the hotel porter scheme by which porters were tipped to direct visitors to Ladbroke casinos. But he did not consider that this had been contrary to the Gaming Act.

He admitted breaches of the 48-hour rule, whereby people may not gamble at a casino unless they have been members for 48 hours or are bona fide guests.

Under cross-examination, Mr. Stein said that Mr. Gordon Irvine, the casino marketing director, told him in 1978 that limited use had been made of the police computer the previous year. No payment had been made, Mr. Irvine had said. Access had been given on the "old boys network."

Mr. Stein agreed that Mr. Irvine and Mr. Alex Alexander, the head of the casino division, both continued in Ladbroke's employ after Mr. Stein discovered these facts.

The case continues tomorrow.

Govan shipyard men to work during holiday on Polish order

BY OUR SHIPPING CORRESPONDENT

MORE THAN 300 men have volunteered to work during their holidays at Govan Shipbuilders, which yesterday launched two more ships for its £115m Polish order.

The Clydeside yard, a member of British Shipbuilders, now has only three launchings—all for the Polish order—to come in its present order book. These are expected within the next eight weeks.

In spite of the imminent threat of redundancies, the men have volunteered to continue fitting out work on the order during the yard's traditional three-week holiday, which starts on Friday.

This overtime is necessary to meet tight delivery schedules for the ships, which are all due to be completed this year.

The men volunteering to work through the holidays are aware that a Government announcement on future aid to British Shipbuilders is expected next week.

This announcement could be a prelude to a partial or total shut-down of Govan's two yards, employing over 5,000 men, if no more work is forthcoming.

There is already serious underemployment of steelworking trades at the yard, as hull construction of the Polish ships nears completion.

This has been alleviated by the decision of ship stewards to relax traditional demarcation lines and allow retrained steelworkers to do outfitting jobs.

Both vessels launched yesterday are 4,400dwt bulk carriers. Ten Polish vessels have so far been launched at Govan.

Partial ban on whaling approved

THE INTERNATIONAL Whaling Commission last night approved an indefinite, partial moratorium on worldwide whaling.

The ban is on commercial whaling by factory ships in high seas areas, and was passed by a vote of 18 to two, with three abstentions. This is more than the requisite three-fourths needed to implement an IWC decision. The vote came at the end of the third day of the IWC's 31st annual meeting in London.

Mr. Richard Frank, the U.S. Commissioner to the IWC, said that the partial moratorium represented "the beginning of the ending of commercial whaling."

One effect of the partial moratorium will be to end the Soviet Union's whaling activities on the high seas. The Russians whale almost exclusively on the high seas, with factory ships.

The moratorium resolution was voted by the plenary meeting of the IWC, after a day of heavy lobbying and negotiations.

The U.S. had originally tabled a permanent ban on commercial whaling. This was approved by the technical committee of the IWC by a vote of 11 to six, with six abstentions.

After hectic negotiations the IWC commissioners worked out a compromise moratorium modelled on a Panamanian proposal for a two-tier moratorium.

The proposal divided the U.S. moratorium resolution into two parts—a ban on high seas factory ship whaling and a ban on coastal water whaling. The latter did not receive a three-fourths majority.

Investors must get 9%, says Abbey

BY ANDREW TAYLOR

ABBEY NATIONAL, the country's second largest building society, is to press for the basic rate of interest for investors to be increased by 1 per cent to a minimum of 9 per cent when the Building Societies Association Council meets on Friday.

But Abbey, which yesterday announced figures for the first half of this year, refused to be drawn as to whether it would oppose a corresponding increase in the mortgage rate. Last month Mr. Clive Thornton, the society's general manager, said that he would rather see mortgage queues lengthen than raise the rate.

However there is strong pressures from a number of societies for both mortgage and investment rates to be raised at Friday's meeting.

Mr. Thornton said yesterday that it was possible to do something for investors without necessarily affecting borrowers but stressed that Abbey could not unilaterally decide to hold down the mortgage rate.

"We will have to see what the other societies say at Friday's meeting, but we regard a basic share rate of at least 9 per cent as essential. And whatever is decided we plan to announce a further package of incentives for investors next month."

The rise in minimum lending rate, plus much heavier withdrawals than usual in June to support spending ahead of VAT increases, has had a dramatic impact on building society net receipts, which may have sunk as low as £120m last month.

However Abbey says that its position has strengthened relative to the other major societies which generated net receipts of around £71m in June. Of this Abbey says it captured 31 per cent, compared with its normal share of about 15 per cent.

Sir Campbell Adamson, Abbey's chairman, said that the launch of the society's new open bondshare in June had considerably helped performance. But for this the society would have shown a deficit in some weeks last month.

In the first half of this year Abbey's total assets increased by almost 7.3 per cent to £6.7bn while net receipts were £406m, compared with £814m for the whole of 1978.

Sir Campbell said that mortgage lending during the first half had been maintained at last year's record level, but the society had been forced to draw on liquid funds. The liquidity ratio to assets had fallen from 17.53 to 16.93 per cent.

UK insurers among 16 sued

BY JOHN MOORE

FEDERAL LEASING of the U.S. has sued Guardian Royal Exchange Assurance of the UK, as part of its $560m legal action against 55 Lloyd's of London underwriting syndicates and 16 other insurance companies.

Guardian Royal Exchange is named in a 168-page complaint served against the Lloyd's underwriters claiming punitive damages of $500m, $50m compensatory damages, and $10m from insurance claims made against the market.

The action arises from computer leasing insurances arranged at Lloyd's for Federal Leasing through Adam Brothers Contingency, insurance brokers.

The cover protected a leasing company against losses arising from having to re-lease a computer at a lower rental after the original lease had been terminated earlier than the contract date, or from being unable to re-lease.

With new computer models rapidly coming on to the market, the leasing companies have found that customers have traded in existing models earlier than expected. In those circumstances they have claimed on their insurances.

Other insurance groups named in the action are Slater Walker Insurance, Walbrook Insurance (part of London United Investments), Allianz International Insurance, Excess Insurance, Union America Insurance, Sovereign Marine and General Insurance, Tokio Marine and Fire Insurance, Taisho Marine and Fire Insurance Company, Storebrand Insurance Company, Lombard Insurance, Signal Imperial Insurance, North Atlantic Insurance, Terra Nova Insurance, Atlantic Mutual Insurance, and First State Insurance.

The action alleges that underwriters "have not demonstrated a scintilla of good faith" in connection with the computer policies.

It alleges that underwriters have intentionally interfered with and damaged the business of Federal Leasing and "injured the standing and reputation of Federal within the investment and banking community."

Lawyers to the Lloyd's underwriters have asked for a 60-day period to reply to the action, but Federal is contesting that request.

Sharp rise in Civil Service resignations

By Paul Taylor

FIGURES published yesterday confirm a marginal fall in the number of civil servants—and a sharp increase in resignations.

There are now 733,176 civil servants, a drop of 0.65 per cent.

Last year 47,093 civil servants resigned, a 27 per cent increase on 1977. The Civil Service Department said the main explanation for this was probably external economic or social factors, in particular the competitiveness of Civil Service pay.

This supports the views of the Civil Service Commission, the body responsible for recruitment, which last month blamed poor relative pay levels for recruitment difficulties — particularly among specialist staff.

The Civil Service Department said yesterday that the overall small decline in the number of civil servants reflected continuing efforts to contain Civil Service expenditure coupled with recruitment difficulties and relatively high wastage. The decline followed a larger decrease in staff of 8,177 in 1977.

Civil Service Statistics 1979, HMSO £2.75.

Leyland wins £43m bus order

NATIONAL BUS is to buy 1,307 buses and coaches worth £43m from Leyland Vehicles next year.

The only non-Leyland vehicles it will purchase will be a handful of minibuses. The supplier has not yet been named.

The order is by far the most important of the year for buses. The National order represents more than a third of Leyland's normal annual intake of orders.

The vehicles will be built at Leyland's plants in Leyland, Bristol, Workington, Lowestoft and Leeds. Substantial coach work contracts for Charles H. Rowe of Leeds and Eastern Coachworks of Lowestoft are also involved.

It is clear from the order that the traditional double-deck bus is losing none of its popularity, in spite of extensive research into high-capacity single-deckers and articulated single-deck vehicles.

National Bus wants 636 double-deckers, of which 498 will be the Bristol VRT model and 138 the Atlantean.

The rest of the order involves single-deck chassis, 253 of which will be fitted with bodies by independent luxury coach body-builders in the UK.

Coral group to run casino in Guadeloupe

CORAL LEISURE has agreed in principle to be responsible for the management of a £13m resort and casino complex planned to be completed by early 1981 on the Caribbean island of Guadeloupe. Coral will run most of the operation, including a hotel complex and the gambling activities.

The project is being financed by institutional and private investment and Coral has no plans for a direct investment of its own.

The Coral group manages casinos in Marbella and Santander, Spain. The group, which operates Centre Hotels, has considerable expertise in hotel and catering management.

The Guadeloupe project will include a 250-room hotel and 50 holiday cottages. There will be private villas, an 18-hole golf course, swimming pool, casino, night club and a fishing village.

New construction orders total £859m in April

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

CONTRACTORS RECEIVED new construction orders worth £859m at present prices in April, according to provisional Government figures.

The Department of the Environment said yesterday that the April figure compared with £865m in the previous month. Figures for both months were delayed because of a strike by computer staff.

The value of new orders in the February-April quarter was estimated to be 7 per cent higher than in the previous three months in constant price terms. But it was 4 per cent down on the same period a year earlier.

New orders in the public housing sector in February-April were 3 per cent up on the previous quarter but 18 per cent lower on a year earlier.

Private housing orders in the latest period showed a 12 per cent drop from the preceding quarter and a fall of 23 per cent from a year earlier.

Public works orders in February-April represented a 29 per cent rise on the November-January period and were up by 19 per cent on the same period a year earlier, it is estimated.

At the same time, private industrial work orders rose by 9 per cent, although they were 5 per cent below the level achieved a year ago. Private commercial orders in February-April fell by 3 per cent and were also 9 per cent down on the same period a year before.

Defence visit

Mr. Francis Pym, Secretary of State for Defence, is to visit America next week at the request of Dr. Harold Brown, U.S. Secretary for Defence, to discuss matters of common interest.

Mr. Pym will be in Washington from July 16 to 18 and will go on to Ottawa for discussions with the Canadian Government on July 18 and 19, returning to Britain on July 20.

Conservationists form group to save piers

THE NATIONAL Piers Society, a conservation group dedicated to preserving Victorian piers, was formed yesterday.

Sir John Betjeman, the Poet Laureate, has agreed to be president and has told the society that he will try to write a poem about piers.

The formation of the society, aimed at persuading councils, government and private companies to recognise that the pier has a future as well as a past, came a day after a local council voted to seek powers to demolish the 1869 piers at Clevedon, Avon.

British decline 'result of decisions by leaders'

BY OUR ECONOMICS CORRESPONDENT

THE DECLINE of Britain's position in the world economy is the result of decisions taken by the country's leaders and of the institutional structure, according to Professor G. C. Allen, emeritus Professor of Political Economy at London University.

His views are published today in an Institute of Economic Affairs pamphlet, The British Diseae.

He rejects the view that Britain's disease is not peculiar to her but is associated with her stage of economic and political development. "Neither experience nor reason provides a warrant for such a determinist view of a country's fate."

Prof. Allen says the fate of nations is determined by decisions that their leaders make, and by the institutions they set up.

He highlights unfortunate decisions in the private sector and in the nationalised industries.

The British Disease. Institute of Economic Affairs Hobart Paper 67. Second Edition, £1.50.

Merseyside call for 18% fare rise

BUS, TRAIN and ferry passengers on Merseyside face 18 per cent fare increases in the autumn, if a county council treasury proposal is accepted. The region's passenger transport executive is recommending rises of 12.6 per cent.

Whichever increase the county transport committee supports next week will have to be ratified by the Northwest traffic commissioners and another lengthy public inquiry is likely.

Higher housing cost yardstick

THE HOUSING cost yardstick which local authorities must not exceed if they are to qualify for housing subsidies is to be raised by a further 4 per cent Mr. John Stanely, Minister for Housing and Construction said yesterday.

This takes the increase to 20 per cent since March., 1978.

STD dialling for Sark

SARK'S 255 telephone subscribers—previously served by the Channel Island's last manual exchange—can now dial trunk and international calls. From the UK the dialling code for Sark is 0481-83.

DAVID FREUD LOOKS AT THE LATEST DIAMOND COMMISSION REPORT

Wealth of top 5% rose in 1975-76

THE VERY RICH regained some of their previous losses in 1975 and 1976, mainly because of the recovery of the stock market. This is shown in the latest report of the Royal Commission on the Distribution of Income and Wealth, the Diamond Commission, published yesterday.

The report provided evidence to suggest that, in spite of the long-term trend towards dispersal of wealth, assets were still more concentrated in Britain than in Canada and the U.S., probably because of the impact of inheritance.

The trend to more equal incomes continued, though the burden of taxation increased disproportionately for lower earners. There were signs that by 1976 higher earners were taking more advantage of allowable deductions in the tax system than they had earlier.

Improved

The report found that the long-term trend for wealth to be spread downwards was reversed in 1975 and 1976. The wealth held by the richest 1 per cent increased from 22.5 per cent of the total in 1974 to 24.9 per cent in 1976. This was still well below the 30 per cent average for 1966-71.

The next 4 per cent also improved their position. The share of the poorest 90 per cent fell from 42.5 to 39.4 per cent.

The underlying reason for the improvement in the position of the rich seems to have been the stock market revival. The commission said: "As ownership is concentrated among the wealthiest groups, an increase in prices or quantities of ordinary shares results in an increase in inequality, and vice versa."

It found that in 1973-76 price changes were the dominant influence on wealth distribution, and in 1960-73 quantity changes. Ordinary share prices were lower at the end of 1972-76 than at the beginning, and house prices were increasing.

Both changes made for reduced inequality, and because of their size dominated the scene. But in 1960-72 prices of ordinary shares and homes were increasing with opposite effects on wealth distribution which largely cancelled each other out. The dominant factor became the increases in quantities of cash assets and insurance policies.

The commission comes to the board conclusion that in times of inflation, when house prices are rising and holdings of cash assets and policies are increasing, the question whether changes in prices or in quantities have most effect on the distribution of wealth depends largely on the direction in which ordinary share prices are moving.

In spite of the long-term downward dispersal of wealth, the report provides figures to show that wealth is more concentrated at the top in Britain than in Canada or the U.S.

A background paper reported that the richest 1 per cent held about 30 per cent of the wealth in Britain in 1970, compared with about 25 per cent in the U.S. and about 22 per cent in Canada.

One of the key reasons for the UK's greater concentration of wealth, it was suggested, was that in Britain inheritance continued to be prominent as a cause of persistent large fortunes.

The top 1 per cent of income-earners lost more ground in the latest two years covered. Their share of total income fell from 6.2 per cent in 1974-75 to 5.4 per cent in 1976-77. This continued a long-standing trend and compares with the 1949 share of 11.2 per cent.

The top half of the distribution, below the top 10 per cent, had a gain, and the bottom half of the income distribution had a relatively small increase in income share from 23.7 per cent in 1949 to 24.5 per cent in 1976-77.

The commission commented that the two-year period saw the introduction of incomes policies designed to have a redistributive effect—and in this respect they seemed to have had some impact.

A relatively large proportion of the income of the top groups came from investment and self-employment—45 per cent in the case of the top 1 per cent—and was not affected directly by incomes policies. There was some evidence that top salary earners may have been partly compensated by an increase in the value of non-cash benefits.

Burden

Over the last two years the long-term trend of increasing tax payments lower down the earnings scale continued. Between 1959 and 1976-77 the average amount of income paid in income tax increased from 10.5 to 20.3 per cent, and higher earners paid for a relatively small proportion of this increase, since their tax liability was relatively high to start with.

The average tax rate of the top 1 and 10 per cent of the income distrubtion moved up from 43.2 to 48.5 per cent and from 23.5 to 31.1 per cent respectively. By comparison the average tax burden on other groups was in some cases more than trebled.

For example the average tax rate on individuals lying in the second fifth of the distribution increased from 5.7 per cent to 19.8 per cent. This meant that the share of the total tax burden increased markedly lower down the scale and contracted at the top. The share of top 1 per cent fell from 34.5 per cent to 12.9 per cent over the 18 years, while the share of the bottom 80 per cent increased from 23.5 to 42 per cent.

The commission commented: "These changes are in part the result of the decline in the income shares of the top income group but the differential increases in the average tax rates are also an important factor."

There is some evidence that higher income earners began to take more advantage of the deductions—for mortgage interest etc.—allowed in the tax system in the latest two years.

Compared with earlier in the 1970s, the relationship between high incomes and high deductions became much stronger. For the top 10 per cent of income earners, deductions as a proportion of income increased from 4.5 per cent in 1974-75 to 5.1 per cent two years later. The proportion of deductions to income claimed by the lowest 80 per cent declined over the same period.

Royal Commission of the Distribution of Income and Wealth; report No. 7; Fourth Report on the Standing Reference; Cmd 7595; SO; £4.50.

Background Paper No. 7; The Distribution of Wealth in 10 Countries by Alan Harrison; SO; £1.75.

CHANGES IN SHARES OF TOTAL PERSONAL INCOME: 1949, 1959 AND 1976-77

	Income shares* 1949	1959	1976-77	Lower limit of income range* 1976-77
Before tax	%	%	%	£
Top 1 per cent	11.2	8.4	5.4	11,258
Top 2-10 per cent	22.0	21.0	20.4	5,686
Top 11-50 per cent	43.1	47.5	49.7	2,615
Bottom 50 per cent	23.7	23.1	24.5	—
After tax				
Top 1 per cent	6.4	5.3	3.5	7,330
Top 2-10 per cent	20.7	19.9	18.9	4,418
Top 11-50 per cent	46.4	49.7	50.0	2,160
Bottom 50 per cent	26.5	25.0	27.6	—

* Excluding mortgage interest payments, etc.

Source: Blue Book

Dan-Air bid for Aberdeen route

BY OUR OWN CORRESPONDENT

BRITISH AIRWAYS was severely criticised yesterday at a public hearing for poor performance on its Aberdeen to London route. A temporary improvement in the service was labelled as only a "death-bed repentance."

The independent airline Dan-Air hss applied to the Civil Aviation Authority to operate the Aberdeen to Gatwick route run by British Airways, which also operates the Aberdeen to Heathrow service.

Yesterday at a hearing in Aberdeen, Mr. Harvey Crush, for Dan-Air, said it was not good enough for the state airline to have a temporary improvement in its service. "It's a death-bed repentance — like saying we have not done very very well but there are days when we get it right."

The application arose, he said, from a groundswell of opinion in the city which crystalised with Dan-Air being asked to make a bid for the licence and remove British Airways from the route.

The airline's application before the Authority is supported by a number of oil companies in Aberdeen, as well as Aberdeen Chamber of Commerce, which last year formed the Aberdeen Air Service Action group.

Dan-Air intends if the application is granted, to operate up to three return flights daily from Aberdeen to Gatwick with lower fares, better times and reliability, and an all-jet service, Mr. Crush said.

Mr. Ray Colegate, chairman of the hearing, said however that the Authority would need "very powerful reasons indeed" to make a change.

If it were considering competing applications for a service it might adopt a level starting point, but because British Airways was already on the route, it was starting on "sloping ground." The hearing continues today.

Cabinet bought for £10 makes £80,000

SALEROOM

BY PAMELA JUDGE

A TOTALLY unexpected £80,000 was paid at Sotheby's Belgravia yesterday for a writing cabinet designed by Charles Rennie Mackintosh. It was made around 1905 and the buyer was the Fine Arts Society, which is to put the cabinet on show in its new Glasgow gallery with the hope that it will eventually go to the Hunterian Art Gallery at the University of Glasgow.

The price, £50,000 above estimate, was a record for any piece of 20th-century furniture and the highest for any item at Sotheby's Belgravia. Mr. Allan Ure, who sold the cabinet, bought it in 1933 for £10.

Altogether, ten items by the Glasgow-born designer fetched a total of £103,100.

At Sotheby's large galleries Old Master paintings made nearly £1.7m. It was a well-attended sale with mostly foreign buying although the top prices were from the British.

"Venice: The Grand Canal seen from the Rialto Bridge," by Canaletto, went for £115,000 to a London dealer; and Brod gave £76,000 for two works by W. van de Velde the younger.

An English buyer paid £90,000 for a wedding procession, by Pieter Bruegel the younger. A still life, by Jan Davidsz de Heem, sold for £65,000 to van Haeften; and Leggatt gave £60,000 for a work by Jan Brueghel the elder.

A collection of drawings of Rome, Florence and elsewhere by the Florentine artist Giuseppe Zocchi (1711-1767), which were commissioned by the British Ambassador, Sir Horace Mann, sold for £37,150 against an expected £20,000.

A mottled apple and emerald-green jade pendant carved and pierced with a bat among ling chih realised £10,000 at Christie's sale of Chinese jade and snuff bottles. It was the top lot in the session which made £89,870.

A jade triple necklace sold for £8,500 and a white jade boulder carved in low relief fetched £7,500. In the sale of English and foreign silver, which reached £71,683, Koopman was successful at £10,000 for a pair of Regency table centrepieces by Paul Storr (1809).

Currency dealer held in U.S.

BY CHRISTINE MOIR

MR. ERNEST BRAUCH, the property and currency dealer who disappeared from Britain in 1976 while on bail on currency charges amounting to £1.4m, has been arrested by the Federal Bureau of Investigation in the U.S.

The FBI, acting on behalf of the City of London fraud squad, is believed to be opposing bail for Mr. Brauch in a local court in Concord, New Hampshire.

The City fraud squad has had extradition papers prepared for Mr. Brauch since 1977.

Mr. Brauch, Austrian-born but now a U.S. citizen, was made bankrupt in 1976 to the tune of £2m, largely as the result of the collapse of his property-dealing empire, which at one stage even included a zoo in Guernsey.

Meanwhile, the City fraud squad began investigations into Mr. Brauch's activities on the dollar premium and commodity markets, which led to 20 charges, amounting to £1.4m.

Mr. Brauch disappeared from Britain while on bail for those charges, causing two businessmen to forfeit £80,000 in sureties.

Since then he has been seen in France, Brazil and New York. The charges outstanding against him in Britain allege that he defrauded certain leading London commodity brokers of £800,000.

New controls proposed for man-made fibres

BY PAUL TAYLOR

NEW CONTROLS over the manufacture and use of man-made mineral fibres—substitutes for natural fibres like asbestos—were proposed yesterday in a report published by the Health and Safety Commission.

A working party report prepared for the Commission's Advisory Committee on Toxic Substances concludes that on the basis of existing research no human cancer risk has been proved from exposure to man-made mineral fibres (MMMF). But because of the implications of animal studies "it would be prudent to regard very fine fibres with suspicion."

Accordingly the working party recommended that interim limits be imposed on airborne dust levels while further research is undertaken.

The report recommends that an initial fibre count control limit of five fibres per millilitre of air should be introduced to minimise the risk of inhaling respirable fibres—those less than three micrometres in diameter. It also recommends that the mass concentration of fibres should not exceed five milligrams per cubic metre of air.

Both limits, if agreed following consultations, could be met by most sections of industry. A survey by the Health and Safety Executive shows that most manufacturers of products like fibre-glass and insulation wools already meet these standards. Sections of the construction industry are likely to face the greatest difficulties in meeting the proposed standards.

The working party report concludes that on the basis of the existing evidence the main hazard from MMMF is skin and eye irritation. There is no evidence that these fibres cause fibrosis of the lung.

The working party said that while the primary aim must be eliminating airborne dust and fibre it did not wish to imply that the use of MMMF should cease. "We believe these materials are very much more acceptable than the natural mineral fibres which they frequently replace," it said.

Overall, the working party highlights the need for further research into the possible health hazard posed by natural mineral fibre substitutes. While not giving the substitutes an entirely clean bill of health, it recognises them as a safer alternative to materials like asbestos.

The Commission is now seeking comments on the report in preparation for future policy.

Man Made Mineral Fibres—Report of a Working Party to the Advisory Committee on Toxic Substances; HMSO 50p.

Union leader criticises factory aid refusal

BY OUR BELFAST CORRESPONDENT

THE CLOSURE of a crystal glassware factory in West Belfast, because of the Government's refusal to provide further aid, yesterday brought a strong protest from an Ulster trade union leader about mounting unemployment in the area.

Mr. Paddy Devlin, regional secretary of the Irish Transport and General Workers' Union, said the shutdown of Antrim Crystal with the loss of 130 jobs brought to 1,000 the number of people paid off because of cutbacks and closures in the area.

Mr. Devlin claimed unemployment levels were 50 per cent in some predominantly Roman Catholic districts of West Belfast.

He said the Government's decision to refuse further funds to the company was playing into the hands of the Provisional IRA. It gave terrorists a social and economic basis for their campaign.

He urged the trade union movement to lobby leading Conservatives to change the Government's policy on aid for struggling Ulster companies.

Antrim Crystal was established five years ago in an attempt to extend Ulster's lead crystal industry into an area of high unemployment.

Mr. Harry Stevenson, executive chairman, said it was impossible to continue without substantial longer-term public finance.

Another few years in operation might have brought the company into prosperity, he said.

Mr. Giles Shaw, Ulster Under-Secretary, said during an industrial promotion tour of the U.S. yesterday that the Government was committed to continuing to provide Northern Ireland with the best investment incentives in the UK.

He is visiting companies in Boston, Cleveland and Pittsburgh.

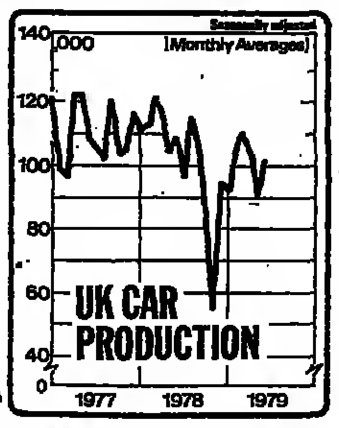
June car output tops 100,000

By Kenneth Gooding, Motor Industry Correspondent

PRODUCTION OF cars reached 101,000 on a seasonally adjusted basis in June, according to Department of Industry statistics.

It was a month free from major industrial disputes. But car makers still had difficulty keeping up with demand.

Ford switch to a "facelifted" Cortina, due for launching in September, probably caused some slowing of production. At Jaguar Rover Triumph, problems with a new paint plant cut planned output.



Vauxhall is some way from solving all its car production problems since the introduction of the Cavalier and Carlton to the UK lines.

The June figure was ahead of May's—90,000, but below that of June last year — 103,000.

Commercial vehicle output in June was close to the peak, at 38,000, seasonally adjusted. In the best month this year — April—commercial vehicle output was 41,600.

The June figure was well ahead of any month last year and compares with 34,300 in June 1978.

Top Chinese soldier ends visit to Britain

By Colina MacDougall

THE CHINESE Deputy Chief of Staff, Yang Yung, leaves Britain today after a 12-day visit. His programme included trips to the Army Equipment Exhibition at Aldershot, a mobility and fire power exhibition at Bovington, British Aerospace Dynamics at Stevenage, and a Harrier Jump Jet fighter demonstration at RAF Wittering.

The visit, seen mainly as a chance to generate further good will between Britain and China, included trips to training establishments and social occasions.

It also gave an opportunity for an exchange of views with defence specialists. The Chinese are still interested in acquiring weapons to update their mainly 1950s equipment, but the current readjustment of their economic plans seems likely to delay any decisions.

Yang Yung is the most senior of China's Deputy Chiefs of Staff, and thus China's most senior serving soldier since the Chief of Staff post is held along with other positions by Vice-Premier Den Xiaoping. Yang Yung was guest of Sir Neil Cameron, Marshal of the Royal Air Force, who visited China last year.

Mersey visit

A three-day fact-finding visit to Merseyside and central Lancashire was started yesterday by Mr. James Lester, the Parliamentary Under Secretary for Employment. He had an hour-long talk with senior management of the Mersey Docks and Harbour Company.

Minister leaves

MR. NEIL MARTEN, Minister for Overseas Development, leaves London today for Rome to attend the World Conference on Agrarian Reform and Rural Development. The conference is organised by the UN Food and Agricultural Organisation and aims to boost investment in the rural areas of the developing world.

Inflation rate 'slower than forecast'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE 12-MONTH rate of retail price inflatioo may not accelerate as rapidly as feared by the Treasury, according to a new medium-term assessment published today by the Economist Intelligence Unit.

In a report, The UK Economy in the 1980s, the unit forecasts that the 12-month rate is likely to be between 15 per cent and 16 per cent by the fourth quarter, compared with the Treasury projection of a 17½ per cent rate. The rate should fall to 10.3 per cent by the end of next year.

The unit foresees an average rate of growth of output of 2.3 per cent in real terms over the next five year, with adult unemployment reaching 1.75m within two years.

These projections are based on the assumption that the present high exchange rate will not be maintained. But if the rate holds, there will be adverse effects on output and employment, the report says.

It suggests that the level of pay rises will remain high—averaging about 13 to 14 per cent next year—but that high unemployment and lower-than-expected inflation will prevent a wage explosion.

In the longer-term the risk is whether the incentive effects of lower income taxes will be sufficient to counteract the effects that lower output growth seem to have on investment and productivity.

The report assumes that the changes will be roughly offsetting, while pointing out that there is little or no evidence to support the argument that lower direct taxes will solve the serious problems facing British industry.

In a circular City stockbrokers Simon and Coates give a warning that "an approach to wage determination based to all intents and purposes on pushing companies to the limit hardly represents an alternative (to incomes policies) of great attraction.

"If nothing else, a corporate sector forced into such a position is hardly one best geared to turning its attention, let alone its funds, to improving the supply side of the economy to which the Chancellor's Budget speech and his subsequent statements have attached so much importance."

Brokers Phillips and Drew suggest that tax payments in July are likely to keep credit conditions tight but the impact of the corset scheme in reducing banks' bidding for deposits will probably mean high short-term interest rates in the money market.

The brokers believe that a declining trend in short-term interest rates may be established sooner rather than later with a small cut in Minimum Lending Rate.

This is because the maintenance of MLR at 14 per cent for a prolonged period would tend to dispel the better sentiment evident in the gilts market in the past fortnight.

If that happened it would add to the problem of financing the public sector's borrowing needs in a non-inflationary manner in the early autumn when the industrial background could be less favourable than at present.

Case engineering to expand

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A 22-acre industrial site is to be developed in West Cornwall by J. I. Case, the engineering company, to expand its UK manufacturing facilities.

The decision comes at a time when overcapacity throughout the industry has forced many companies to reduce production.

Application has been made to the local council for offices and a factory to be built on an industrial estate near Redruth.

Redruth is in a development area where unemployment is a growing problem. One of the main employers in the area is the Compair engineering group, which has been cutting back on its workforce for some time.

The area has also been hit by the run-down at Falmouth Docks.

J. I. Case, a subsidiary of the American-owned Tenneco group, also has a factory in Leeds where crawler loaders and dozers are made, mostly for the European market.

The company's European operations were considerably strengthened when it bought a 40 per cent share of Poclain, the French hydraulic excavator group. Its products are now marketed under the Poclain/Case label.

It is probable that the factory in Cornwall will also make crawler loaders and dozers, taking over some of Case's U.S. production. Case announced recently that it will be opening two new depots in Glasgow and Aberdeen. Another in the London area is likely to follow shortly.

Public bodies join energy campaign

BY MAURICE SAMUELSON

MORE THAN 80 industrial companies and public bodies are to take part in a campaign on energy saving to be held in October, sponsored by Prince Philip.

It marks the UK's contribution to an international conservation month being run by the 20 members of the International Energy Agency.

Three international events will be held in Britain, besides nearly 50 local conferences, exhibitions and competitions. A three-day conference on energy management at the National Exhibition Centre, Birmingham, will be opened by Mr. David Howell, Energy Secretary, with Mr. Alex Jarratt, chairman and chief executive of Reed International, presiding.

Major conferences will also be held by the Royal Institute of British Architects and the Brewers' Society. Although October has been designated international conservation month, the events will begin in mid-September and continue until late in November.

A seminar in Manchester, by the District Heating Association, will deal with combined heat and power systems, on which a Government working party report is to be published later this month.

By October, the Government is also expected to have outlined its own approach to conservation, showing to what extent it will retain Labour's package of financial incentives to industry and the domestic consumer, in spite of pledges to cut Government cash handouts.

Other international conferences cover subjects such as the motor industry (Detroit) and solar heating in buildings (Kansas and Athena).

© Mr. Brian Shemon, a GLC councillor, is to investigate ways of cutting fuel bills at County Hall, headquarters of the Greater London Council.

Aviation fuel supply plea

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AN APPEAL to the Government to ensure continued supplies of fuel to the business and general aviation community in the UK has been made by the General Aviation Manufacturers' and Traders' Association.

Pointing out in a memorandum sent to the Departments of Energy and Trade that there was a continuing uncertainty on the future supply of aviation gasoline, the association says that while consumption by the general aviation sector is small—about 1.2 per cent of total UK aviation fuel consumption—it is nonetheless vital.

General aviation represents the users of business aircraft, air taxis, flying training, agricultural and other aerial work, sporting flying and touring.

Emphasising the importance of general aviation, the association says that this sector includes company-owned aircraft used for business purposes—over 200 aircraft, whose owners together have a business turnover annually of £45bn, with export business of over £6bn.

"The general aviation industry appreciates the difficulties that the fuel companies may have in being able to supply and distribute fuel for general aviation," says the association.

But it stresses that a continued supply is important "if we are to remain competitive in world aviation."

Warrants sought on Muzorewa

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

WARRANTS FOR the arrest of Bishop Abel Muzorewa to answer charges of treason, felony and murder are being sought today at Bow Street Magistrates Court in London.

The applications are being made on behalf of Miss Joan Lestor, the Labour MP who is vice-president of the Anti-Apartheid Movement, and Mr. Sam Makari, whose brother-in-law was executed this year in Rhodesia.

The head of the Rhodesian regime is to arrive in London on a Concorde this evening for talks on Friday with Mrs. Margaret Thatcher, the Prime Minister, and Lord Carrington, the Foreign Secretary.

Miss Lestor yesterday strongly criticised the way that the British and American governments have agreed to receive the Bishop, arguing that this helped confer an aura of legitimacy on an illegitimate regime. She described the request for the warrants as part of a campaign by the Labour Party and Anti-Apartheid Movement to prevent recognition of the internal settlement in Rhodesia.

But while less than confident that the court would agree to issue the warrants in time for them to be served, she stressed her legal case. The charge is a 19th century one against those who try to usurp the sovereignty and authority of the crown. Mrs. Thatcher had stressed the need to bring back Rhodesia to legality, she said, meaning that the present situation was illegal. Bishop Muzorewa was part of that illegal regime in that he was participating and administering it.

One legal issue to be decided is whether the Bishop, who is a British subject but not a British citizen, can be tried in this country on alleged crimes committed abroad, as a British citizen can be in some cases.

About 18 months ago application was made to obtain the arrest of Judge Macaulay of the Rhodesian judiciary.

In the application he was accused of "incitement to murder," a reference to the executions he had authorised. The application was refused both in the magistrate's court and on appeal but the Anti-Apartheid Movement insists that the present application is different in law.

Mr. Makari's case is that in the transitional government the Bishop had failed to uphold an appeal for mercy by his brother-in-law.

Representatives of the two wings of the Patriotic Front, Mr. Arthur Chadzingwa of ZAPU and Mr. Alois Mangwende of ZANU, insisted that their struggle was necessary because the politicians had failed to bring down the illegal regime in Salisbury. They claimed that was was going "very splendidly of late" and that they had no intention of being "duped by whatever tricks of Mrs. Thatcher."

Miss Lestor is to be in Lusaka during the Commonwealth Conference, representing the Anti-Apartheid Movement.

MPs' salaries to be linked with other professions

No guarantee on inflation-proofing

BY IVOR OWEN

NO GUARANTEE has been given by the Government to "inflation proof" the third phase of the £5,000 pay increase which MPs are due to receive in 1981, Mr. Norman St. John-Stevas, Leader of the Commons, insisted last night.

He made plain that all the Government had done was to propose that the Boyle Committee on top salaries should be asked to make a recommendation about one or more analogues in the professions to which Parliamentary salaries could be related from 1981 onwards.

There was a general welcome from the back benches for the modified proposals introduced by the Government, providing for a £2,500 first stage increase—half the total award recommended by the Boyle Committee—raising MP's pay to £9,450 a year with effect from June 13.

Mr. St. John-Stevas virtually admitted that the Cabinet had blundered in putting forward its original proposal that the £5,000 increase, which will bring MPs' salaries to £12,000 a year, should be phased in three equal instalments over two years.

He acknowledged that resentment among MPs caused by the fact that staging of this type would have resulted in their salaries again falling behind acceptable levels, which sparked off the noisy all-party protest in the House two weeks ago.

Making it clear that the Government had not given a guarantee to "inflation proof" the final stage of the pay award when it falls due in 1981, he pointed out that no such guarantee had been given to the doctors and dentists or to any other groups whose awards had been subject to phasing.

"But it is equally clear that it has not been ruled out by the Government," said Mr. St. John-Stevas.

The Government was not proposing index-linked Parliamentary salaries—either with prices or an earnings index—but merely that consideration should be given to an interim professional link.

Two senior bank benchers, Mr. Robert Mellish (Lab., Bermondsey), the former Labour chief whip, and Sir Derek Walker-Smith (C., Hertford East), ex-Minister and chairman of the Conservative 1922 Committee, argued that the recommendation by the Boyle Committee that MPs should be paid a salary of £12,000 a year should have been implemented immediately without any intervention by the Government.

But Mr. Enoch Powell (UU, Down South) contended that, since MPs had sought election to the Commons on the basis of the existing salary, any increase should not take effect until the beginning of the next Parliament.

"The Government's acceptance of the case that MPs should be paid adequate salaries was stressed by Mr. St. John-Stevas, when he opened the debate.

"Furthermore, the Government believes that by which MPs' salaries are reviewed once in each Parliament are no longer satisfactory by themselves in inflationary periods."

It was for this reason that the Government had asked the Boyle Committee to fine one or more professional analogues to which the pay of MPs should be linked between reviews.

There was support from both sides of the House when Mr. St. John-Stevas underlined the importance that Members of the House of Commons did not treat themselves more favourably than other sections of the community.

But he warned: "The public must be prepared to pay their legislators reasonable salaries—if they do not, then a heavy price will be exacted through the activities of dubious people which will increase in order to take advantage of the straitened circumstances of MPs."

The Leader of the House emphasised that MPs were still being paid £1,100 less than the £8,000 a year which the Boyle Committee had recommended in 1975.

In the years since then, prices had increased by 160 per cent and earnings by 200 per cent.

If the £8,000 recommendation had been implemented in 1975 and MPs' salaries had subsequently been increased in line with their present pension entitlements, they would now be being paid £9,372 a year.

Mr. St. John-Stevas, who confirmed that neither the Prime Minister nor the Lord Chancellor will accept any increase in their Ministerial salaries before 1981, maintained that the increase in pay to be made to other Members of the Government was justified and overdue.

"It cannot be right in our system that a Cabinet Minister, with his powers and responsibility for governing the country, should be paid less than an assistant secretary in the civil service."

Mr. Edward du Cann, chairman of the Conservative 1922 Committee and MP for Taunton, blamed successive governments for failing to have the political courage to ensure that MPs were properly paid.

The starting point of any discussion on the matter, he said, should be the finding of the Boyle Committee that MPs were "seriously underpaid."

To cheers from both sides of the House he added "We should not have been in this position and we should not have allowed ourselves to get into this position."

Mr. du Cann criticised the use of "perks" as a means of making up salary deficiencies. "I am against the disease of perks — this insidious spreading thing. It is much better in this House and outside if we insist on straightforwardness in matters of remuneration."

Criticising the Government's handling of the issue, Mr. du Cann asserted that it would have been much better for the House of Commons to have been consulted before the Cabinet brought forward its original proposals.

He said he advice as spokesman for Tory backbenchers, like that of Mr. Fred Willey, the chairman of the Parliamentary Labour Party had been "accept Boyle and accept speedily."

REVISED SALARY STRUCTURE

The planned increases (present salaries in parenthesis) from June 13 each year are:

MPs—(£6,897) 1979 £9,450; 1980 £10,725; 1981 £12,000.

Ministerial salaries by June 1981, including £7,000 parliamentary salary:

Prime Minister £40,000 (£22,000)

Lord Chancellor £37,000 (£22,228)

Speaker £32,000 (£14,300 plus £3,529 Parliamentary salary)

Cabinet Ministers £32,000 (£14,300 plus £3,529 Parliamentary salary).

Ministers outside Cabinet £27,000 (£8,250-£10,450 plus £4,299)

Ministers of State £24,000 (£8,250-£10,450 plus £4,299)

Parliamentary Secretaries and Under-Secretaries £20,000 (£6,050 plus £4,299)

Attorney-General £33,500 (£15,000 plus £4,299)

Leader of the Opposition £29,000 (£10,450 plus £4,299)

Government Chief Whip £27,000 (£10,450 plus £4,299)

Opposition Chief Whip £24,000 (£8,250 plus £4,299)

As an interim measure, the secretarial allowance for MPs had been raised by £400 to £4,600.

Changes are also proposed in peers' expenses.

Interest likely to stay high

By Ray Perman, Scottish Correspondent

INTEREST RATES were likely to remain high for some time because the Government was determined to stick to its money supply targets, the Prime Minister said in Edinburgh yesterday.

Mrs. Margaret Thatcher said she put the achievement of the Budget target of monetary growth in the range of 7-11 per cent as top priority.

She would not be deflected by this week's bank lending figures or the likelihood of a mortgage interest rate increase tomorrow.

"We have set our target and we mean to meet our target. Last year the money supply should have grown by 8 to 12 per cent and when we took office it was 12½ to 13 per cent.

"It will take us some time to get it down: that is why interest rates are so high."

Mrs. Thatcher was making her first visit to Scotland since she won the election and she spent the day seeing different aspects of the work of the Scottish Office.

Police at the Lothians and Borders police HQ were understandably enthusiastic, considering their pay rise, but the civil servants at the Scottish Office, who will feel the bite of public spending cuts, seemed no less pleased to see the Prime Minister.

Everywhere her response to criticism of the Government's economic policy was the same: times were tough and would get tougher but they had to be endured.

"If you are spending money which has not been made, you are printing it and are printing next year's inflation. It's a cheat and a fraud of the old and the poor."

Some of those who met her were uncertain how they should greet the West's first woman Head of Government, particularly with the Queen's visit to Edinburgh last week still fresh in their minds.

Crew members on the Fisbery Protection cruiser Westra, which she saw at Leigh Docks, and senior medical staff at the Western General hospital bowed when they shook hands with her and addressed her as "Ma'am."

Mrs. Thatcher was obviously pleased with her reception. "Most of the people seemed thrilled that one was there. The women are particularly thrilled. It has made them walk a bit taller," she said.

● The committee stage of the Finance Bill, which implements the Budget proposals, was completed early yesterday. It was one of the shortest committee stages of the Bill since the war, taking only five days. No Government changes were announced.

Unions warned against excessive pay demands

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A STRONG WARNING against excessive wage demands from the unions during the current pay round was given last night by Lord Soames, the Government leader in the House of Lords.

He emphasised that the Government was determined to continue with the present firm monetary squeeze and would not be deflected by short-term considerations.

In this situation, he said, high wage increases unrelated to productivity would only result in increased unemployment.

A similar line was taken by Lord Thorneycroft, chairman of the Conservative Party. He argued that the Government had provided the right framework for incentives in the Budget, and it was now up to the people of the country to do their part.

Lord Thorneycroft was also critical of the hostile reception given by some union leaders to Government proposals for reform of the labour laws.

The two peers were speaking in an economic debate initiated by Lord Boyd-Carpenter (C).

Lord Soames, who is Lord President of the Council and a member of the Cabinet, told the House: "We must cease to think in terms of pay increases being automatically related to increases in prices.

"There will simply not be the money available to pay increases unless they are matched by genuine increases in productivity."

The overriding need was to reduce the growth of money supply.

"If we don't do this, we shall have no hope whatever of squeezing the cost of inflation out of the system.

"Too high a public sector borrowing requirement with a given money supply target simply gives rise to a sharp credit squeeze in the private sector, with harmful effects on investment and jobs.

"We need to ensure that those who take part in collective bargaining understand the consequences of our actions and their actions.

"There should be no doubt of the Government's resolve to stick to the monetary targets announced. That resolve will not be diverted by any short-term pressures that might build up.

"This being so, it will follow that excessive pay rises will have one effect only—higher unemployment.

"We are not going to allow our economic and industrial recovery to be put at risk by a continuing upsurge of inflation. We intend to ensure that the message is repeated again and again," said Lord Soames.

In the long run, if the rise in money earnings was unmatched by productivity it would raise unit labour costs.

This, in turn, would do further damage to our competitive position, causing further unemployment and lower living standards.

"I am sure that no one inside the trade union movement or outside it wants this to happen," said Lord Soames. "We, for our part, will do everything in our power to make sure thata it doesn't happen."

Lord Thorneycroft, speaking from the back benches, said he had every faith that the Government would provide the leadership.

The measures in the Budget provided an opportunity for the people of Britain, but the urgent question was: would they take the opportunity?

He confessed that he was not absolutely certain of the answer. "There is no party that can bail the British public out if they press their follies beyond a certain point."

The public had to be told that the Government could not just print money that had not been earned, and could not fake jobs that had not been created.

"We cannot debase our currency to protect the inefficiency of some of the factories in this country," said Lord Thorneycroft.

He thought there had to be something more constructive than the noises coming from some trade union leaders. They had shown an utter refusal to look at any of the amendments to labour law which the nation was plainly determined should take place.

These proposals had been couched in the most moderate terms, he said.

Refugee pledge

AN ANNOUNCEMENT on the number of Vietnam refugees Britain is willing to accept will be made soon, Mr. Nicholas Ridley, Minister of State at the Foreign Office, promised in the Commons yesterday.

He told MPs during question time that the strongest possible representations had been made to the Vietnam Government about its treatment of refugees.

Government secrecy attacked

By James McDonald

HUNDREDS of people in Britain have been injured or have died as a direct result of unwarranted Government secrecy, says the Freedom of Information Campaign.

Sir Bernard Braine (C Essex SE), the Campaign chairman, said in a statement: "Environmental safety is of real concern to my constituents on Canvey Island, where millions of tonnes of explosive liquid gas and oil are stored."

The Campaign is calling for a measure allowing the public the right to see official information.

Mr. James Tye, Director-General of the British Safety Council, gave some case histories of people killed or maimed as a result of undisclosed official information from the Government.

"Fear of embarrassment, blame or discovery of incompetence prevents officials from making the facts known. They use archaic devices, such as the 1911 Official Secrets Act, to enforce non-disclosure, even to responsible bodies such as the British Safety Council.

Visa delays

THE GOVERNMENT hopes the U.S. will decide soon to abolish visas for Britons going to America, Mr. Nicholas Ridley, Foreign Office Minister of State, told the Commons yesterday that delays at the U.S. Embassy in London caused by requests for visas caused considerable worry and annoyance.

The U.S. Government has been well aware since 1948, when Britain unilaterally abolished visas for Americans travelling to the UK, that Britain considered a reciprocal waiver desirable. The U.S. Government was now considering this.

NF complaint

LORD ELWYN JONES, former Lord Chancellor last night called for controls on National Front marches. There was a distinction between law-abiding marches and those of the National Front through immigrant areas, accompanied by racial abuse, he said.

"Should these marches not be subject to control?" he asked. But Lord Belstead, Home Office Under Secretary, referred to difficulty in making distinctions between marches.

Heritage fund

LAWS TO set up a heritage watchdog will be introduced this Parliamentary session.

Details of a National Heritage Fund under an independent body of trustees would be announced soon Lord Mowbray, Government spokesman told the Lords.

Paraffin up

THE PRICE of premium paraffin is to go up.

Mr. David Howell, Energy Secretary, said in a Commons written reply that to ensure continuity of supply he had decided to end price controls now.

Pinch of snuff

SNUFF-TAKING MPs cost the nation the grand total of £6.50 a year, Mr. Norman St. John Stevas, said in a written reply. Free snuff is traditionally provided for MPs and members of the Press Gallery.

Euro-vote re-run

BY PHILIP RAWSTORNE

BRITAIN'S first Euro by-election will be held in the London South West constituency in September, because of the disqualification yesterday of Miss Shelagh Roberts who won the seat for the Tories, last month.

Mr. William Whitelaw, Home Secretary, yesterday declared the election of Miss Roberts void because she was at the time a member of the Occupational Pensions Board.

She has since resigned her position on the Board, which technically barred her from standing as a Parliamentary candidate.

Miss Roberts, a member of the Greater London Council, gained a 31,756 majority in the June election and is expected to contest the seat again.

Dr. Tony Hart, husband of Labour MP Dame Judith Hart, may again oppose her as Labour's candidate.

The re-run election is likely to cost several thousand pounds.

The London South West constituency has 511,000 voters in Kingston, Richmond, Wandsworth and parts of Lambeth.

Apart from the cost to the political parties of fighting the campaign, public funds will have the expense of delivering poll cards and election addresses as well as providing facilities for the vote and the count.

Town hall discussions

By Paul Taylor

PLANS TO site the London Borough of Southwark's controversial £28.5m town hall complex on land owned by the Greater London Council near the Elephant and Castle are to be discussed by the Southwark councillors at a special meeting on July 24.

The original plans to build the town hall at Peckham were approved earlier this year despite a wave of local protests and a split in the ruling Labour group.

Now council officials have submitted a provisional bid to the GLC for the new site and have won staff approval for the scheme.

Progress on contributions to EEC

BY OUR PARLIAMENTARY STAFF

THE GOVERNMENT has already made "considerable progress" with the other Common Market countries in re-negotiating Britain's contributions to the EEC Budget, the Lord Privy Seal, Sir Ian Gilmour, told the Commons yesterday.

He rejected a suggestion from Mr. Jack Straw (Lab., Blackburn) that the Government had failed to convince the French that Britain's contributions were excessive.

Sir Ian said that the Government found, when it took over, that there was no proper realisation of the inequities in the Budget system among the other EEC countries.

"We are now fully confident that these inequities have been brought home."

Questioned about the possibility of other EEC governments vetoing any reduction in the British contributions, Sir Ian said the facts would first of all be put forward by the European Commission.

"These will be commented on by the European Finance Ministers and the matter will be discussed and, we hope, decided by the Dublin summit at the end of the year."

Sir Ian said he thought there was a strong case for any member country with below-average gross domestic product being a net beneficiary.

Mr. Peter Shore, the shadow Foreign Secretary, called for an assurance that the Government would not seek simply "minor modifications" in the Budget contributions in return for concessions on such matters as steel, food prices and agriculture.

Sir Ian defended the recent agriculture settlement, which he described as the best so far "The Budget problem is a serious one, and we have already made considerable progress."

He said the Government's positive approach to the Community had produced far greater results than the rather questionable hostility of the previous Government.

Midland Bank dispute may spread despite ACAS role

BY NICK GARNETT, LABOUR STAFF

THE MIDLAND BANK and the industry's principal union yesterday accepted an invitation from the Advisory, Conciliation and Arbitration Service to hold talks on the pay dispute involving clerical and computer staff to independent mediation.

The dispute affects the five English clearing banks but industrial action by the Banking, Insurance and Finance Union has so far been imposed at only the Midland.

In spite of acceptance of the mediation offer, the executive of the banking union decided yesterday to make preparations for extending industrial action which could then involve all the banks.

The executive authorised a ballot of the union's members in the Access departments of the four banks that operate the service and among staff within Joint Credit Card set up by the banks as a central processing operation. Barclays Bank does not operate the service.

The executive is also due to reconvene on July 25 to discuss the forms of industrial action that will be applied to many High Street branches of all the banks unless the dispute is resolved.

At the same time, the union is ready to repeat next week the one-day strikes in five of Midland's main computer centres which shut down the computers earlier this week. The action was supported by members of the Association of Scientific Technical and Managerial Staffs.

Any action in the high street branches will take the form of one day strikes, overtime bans, work-to-rules or a ban on head office returns.

Mr. Leif Mills, general secretary of the banking union, said last night: "We are determined to escalate industrial action if nothing comes of mediation. The staff are behind us on this."

Mr. Alan Scouller, Midland's assistant general manager for industrial relations, said the bank hoped that mediation would mean that there would be a halt to further industrial action and that it would result as quickly as possible in a satisfactory solution.

The clearing banks have offered 12 per cent in new money, together with other items worth 3 to 5 per cent. During conciliation talks last week, Midland increased the new money offer to 12.5 per cent.

Union chiefs 'have lost struggle for moderate pay deals'

MODERATE TRADE union officials have lost the struggle to persuade union members to accept moderate pay settlements, Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said yesterday.

Engineering workers have been instructed to ban overtime from July 30 and to hold one-day national strikes from August 6. Negotiations on minimum pay rates in the industry collapsed this week.

Mr. Duffy, the chief union negotiator in the industry and a leading trade union moderate, told an Institute of Personnel Management conference that he was optimistic that the 30 days' grace before the action was due would allow time for improvement in the offer.

The Engineering Employers' Federation has offered to increase the present skilled workers' national minimum rate from £60 to £70. The unions claim £80 and a cut in hours.

Mr. Duffy repeated that although the unions were not looking for confrontation, the two sides seemed bound for collision. Productivity deals, though, might be a way to avoid a clash.

To succeeded in the past in promoting moderate pay deals such as the 5 per cent settlement for BL manual workers, agreed last year when their Ford counterparts were settling for 17 per cent, because he had been convinced that that was the best way to heat inflation.

"But how can I face these people now and say: 'Be moderate'? Unfortunately we have lost the struggle—now we have tremendous difficulty saying to our people that they should be moderate in wage settlements."

Mr. Denis Healey, the Shadow Chancellor, told the conference earlier that the increase in average earnings this year was likely to be 16 per cent, although the average increase in productivity was likely to be only 2 per cent.

Arguing strongly for the idea of a Government pay policy, Mr. Healey said that earnings increases had to be brought closer to productivity increases.

Stamp staff instructed to end strike

By Philip Bassett

POST OFFICE staff who have disrupted stamp supplies were instructed to return to work yesterday by their union to fulfil a condition for a pay settlement for 37,000 telecommunications workers.

The five women strikers at the national stamp-issuing centre at Hemel Hampstead, Hertfordshire, were reported to have defied the instruction from the Civil and Public Services Association.

It is said they wanted to continue supporting striking supervisors, members of the Society of Civil and Public Servants.

The Post Office said last night that the action was still on, but the CPSA maintained that the staff had obeyed the instruction. The union is close to a settlement with the Post Office, and has agreed to a request to call off the action at the stamp-issuing centre.

The Post Office offer gives 8 per cent increases on basic rates, with 5 to 7 per cent for grade restructuring, a lump sum two-stage productivity payment worth about 2 per cent and a further 2.25 per cent for changing the CPSA and SCPS settlement date to July 1.

Strict conditions on efficiency have been relaxed, and the Post Office has agreed that acceptance of the offer does not commit the unions to any regrading.

Judge bans news agency blacking by journalists

FINANCIAL TIMES REPORTER

THE "BLACKING" of stories from a Midlands news agency by members of the National Union of Journalists at the Leicester Mercury was banned by a High Court judge yesterday.

Seven sub-editors at the Mercury, acting on a union instruction, refused to handle material from Elliotts News Agency because it also supplies copy to the Nottingham Evening Post, where 28 NUJ members were sacked for joining last winter's national strike by provincial journalists.

Part of the terms on which the dispute was ended was that there should be no victimisation.

Mr. Justice Foster said it was not surprising that NUJ members who returned to work after the settlement were incensed by the Nottingham Post's refusal to reinstate the sacked 28.

But the blacking of the agency copy at the Leicester Mercury, where there was no management-staff dispute, had no direct effect on the dispute between the NUJ and the Nottingham Post, so the blacking was not "in furtherance of a trade dispute" and the NUJ was not protected by the Trade Union and Labour Relations Act. The seven sub-editors were in breach of their terms of employment and their action was unlawful.

The judge granted interim injunctions to Mercury proprietors F. Hewitt and Sons (1927) restraining the NUJ from inducing or procuring its members at the Mercury to break their contracts of employment by instructing them not to handle or work on material from Elliotts.

Hospital men plan action on guarantees

By Our Labour Staff

HOSPITAL MAINTENANCE supervisors in the National Health Service are planning industrial action in September similar to their action last autumn—when they refused to oversee repairs to machinery and building work—unless the Whitley Council guarantees to fulfil the terms of a dispute peace formula agreed last October.

The staff side of the Whitley Council for professional and technical staffs have accused the management side of "welshing" on the agreement.

The unions say only a tiny minority of their 3,500 supervisors have received payment for a 15 per cent bonus they were promised, and 700 posts which were to be filled have been left vacant.

Both sides of the Whitley Council are to meet on July 25.

Nuclear plant walk-out

BY OUR LABOUR STAFF

CIVIL SERVICE engineering and technical staff at an atomic energy plant at Warrington, Cheshire, walked out yesterday after 28 staff were threatened with suspension.

The Institute of Professional Civil Servants said that six engineers began the strike action at the plant and about 1,500 IPCS members walked out after the suspension threat.

Thirty staff at the fast breeder nuclear power station at Dounreay in north Scotland began a week's strike yesterday, which could affect power supplies to the National Grid and its experimental work.

The union said that action by four foremen at the Royal Mint was likely to disrupt production of coins, with 50p and 1p pieces likely to be soon in short supply.

IPCS members at Rosyth dockyard staged a half-day stoppage yesterday, and most of the industrial staff there had to be sent home.

The union's action is in support of a 36-47 per cent claim for 50,000 technicians and related staff. The Government has offered 15.5-24.1 per cent.

Prior in talks

A DELEGATION from the National Committee of Conservative Trade Unionists spent 90 minutes with Mr. Jim Prior, Employment Secretary, yesterday, discussing the Government's proposed new union legislation. Mr. Fred Hardman, national committee chairman, said afterwards that there had been no important points of disagreement.

TUC seeks new talks with Howe

BY NICK GARNETT, LABOUR STAFF

THE TUC is seeking a further meeting with Sir Geoffrey Howe, the Chancellor, in a final attempt to clarify the kind of dialogue the Government is prepared to hold on economic policy and public spending cuts.

The TUC economic committee expressed disappointment and concern yesterday that Ministers had not been prepared, in the union's opinion, to discuss the principles involved in economic policy and public expenditure.

The TUC believes there is a real possibility of industrial conflict this winter. It thinks the Government will try to hide difficulties by maintaining that it has a working dialogue with the unions.

The meeting with the Chancellor is designed to clear the decks for regular sessions of talks between ministers and union officials.

The committee emphasised "that in any dialogue with the Government on public spending, or on other issues, it was not sufficient for the Government to consult the TUC about the details of the plans.

"The TUC and its appropriate committees expected to be consulted about the nature and scope of the Government's plans, and to have a genuine and constructive opportunity of influencing those plans."

Continuing reluctance of the Government to follow that course will not stop the present round of TUC-Ministerial meetings—some have already been arranged for this month. The economic committee will ask the Government that unless the Government changes its stance on consultation these meetings would be held on the basis of policies not agreed with the unions.

The committee said yesterday that the Government was embarrassed at the effects of its strategy of changing the emphasis from direct to indirect taxes.

The TUC is not keen on the idea of a standard of living index floated by the Government as a supplement to the Retail Prices Index as it believes this should include social wage element—items such as available public services—and that these are difficult to quantify.

The TUC's campaign for economic and social advance is being extended. A series of statements emphasising in particular public service cuts and what the TUC believes to be the Government's responsibility for rising unemployment, will be published in a few months.

● Building union leaders have told the Government they want local authority direct labour departments altered into independent trading bodies, able to carry out work outside their own authority areas.

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FINANCIAL TIMES SURVEY

Thursday July 12 1979

Medium and Long-term FINANCE

Britain's capital markets have become the subject of lengthy controversy in recent years as to their ability—and willingness—to serve the needs of industry and entrepreneurial initiative. This survey discusses the problems involved, particularly in these days of high inflation and sluggish economic activity.

High charges inhibit borrowers

SOME TIME soon the Government will announce a massive sale of shares in British Petroleum to raise something like £750m. Unless conditions in the oil industry deteriorate sharply there is unlikely to be any great difficulty in disposing of such a huge block of shares.

The issue will show that there is a very large supply of long-term finance to be tapped. But this will be a secondary offering of shares, not a primary issue that would benefit the company. This single offer could exceed in size the cash raised in all the rights issues launched by UK listed companies in *1978* (leaving out the special case of the BL issue).

This highlights the way the long-term capital markets have declined in importance as a source of finance for industry and commerce. Early in the current decade UK listed companies were highly active on the new issue markets, raising over £500m in 1971, for example, and over £1bn in 1972.

Although 1975 was quite a busy year, the picture has been much less buoyant in the second half of the decade. In both 1977 and 1978 companies raised net new capital of *well* under £1bn, a figure which in real terms is very much lower than the levels attained some eight years ago.

A key factor behind this decline in the primary long-term capital market has been the eclipse of long-term fixed interest finance so far as the private sector is concerned. The bond market still thrives but it is now entirely the preserve of the Government's gilt-edged securities.

In the early years of the decade the company sector was issuing loan capital—including convertibles—at the rate of some £300m a year. In today's money that equals around £800m. Now this market has entirely vanished and indeed companies are net repayers of debentures and loan stocks. Last year they redeemed bonds to the tune of nearly £100m.

It is all a question of interest rates. For the past few years the Government has been ready to pay interest rates varying between 12 and 16 per cent on long-term bonds. Companies would have been obliged to pay a premium over even these levels, and they have felt unable to do so.

When inflation is high it is possible to argue that companies can afford to pay high nominal interest rates. If inflation rises further they may profit, as many borrowers did out of low-coupon debt in the early 1970s. But company finance directors also face the risk that inflation could decline permanently, in which case bond yields of, say, 15 per cent could prove a heavy burden.

Yet a big potential demand exists at slightly above the 10 per cent coupon level. This has been shown by the eagerness with which companies have exploited the sterling Eurobond market on the fairly rare occasions in which it has been effectively open. For obscure technical reasons coupons are significantly lower for offshore bonds than in the domestic market.

In March this year, for example, GEC tapped the Eurobond market for £50m at the comparatively high rate of 12¼ per cent. Few companies would contemplate being tied into such a fixed rate commitment, however, and more recently Government action to raise long-term interest rates has once more pushed this source of funds beyond effective reach.

Tantalising

The tantalising possibility exists of course that if the Government's monetary and fiscal policies succeed in bringing inflation—and therefore long-term interest rates—right down, the domestic company bond market will be opened up again.

Meanwhile the whole burden of long-term capital raising continues to be borne by the equity market. But equity valuations have rarely been at all high in recent years—certainly not high enough to tempt many entrepreneurs to float their private companies on the stock market—and since the flurry of 1975 when companies were carrying out emergency balance sheet repairs activity has been fairly quiet. May and June this year, however, showed signs of a revival, with companies seeking to take advantage of a temporary burst of strength in the equity market.

In the first half of 1979 rights issues totalled well over £500m, which *suggests* that the corporate sector is concerned at the approach of a period of tight credit. But in the main companies will have to continue to rely heavily on the banking system for finance, a trend which has become marked during the 1970s.

In 1978, for instance, industrial and commercial companies increased their borrowing from the UK banking sector by some £2.75bn. Whereas in the 1960s it was normal for the company sector to raise less from banks than from the capital market in shares and loans, this relationship has been turned on its head.

This has inevitably led to a radical reassessment of lending policies by the banks, which have been called upon to fill a long-term financing gap left by the decline of the long-term capital market. The traditional preponderance of short-term overdraft finance has had to be extensively supplemented by the provision of new and longer term lending arrangements.

It is a system of financing which has been much more common overseas, and indeed the American banks played a prominent role in developing medium-term lending in this country. The extent to which clearing banks can expand term lending is limited by the need to observe prudential restraints which reflect the term structure of deposits. But including various special schemes the proportion of lending to industry and commerce on a term basis has risen to well over 40 per cent of the total.

Term loans offer companies the assured availability of credit for an extended period—often seven years and sometimes 10—but they normally carry a fluctuating interest rate linked to the six-month London Interbank offered rate (Libor). Such loans can be expensive during a credit squeeze, but since interest rates can be expected to move up and down broadly in line with inflation there is no risk that the real interest rate will become crippling.

Sophisticated systems have been developed whereby the larger loans can be syndicated around a number of banks. The term loans take the form of binding contracts and are less flexible than traditional overdraft arrangements: nevertheless important individual variations can be negotiated, including, for example, a moratorium in the early years to match the cash flow pattern of a development project. Term lending in foreign currencies — mostly dollars — has also been an important growth area for British banks.

Other new forms of finance have also been developing rapidly. Leasing—though not strictly new—has been a major growth sector under the stimulus of the tax incentives available to investors in fixed assets. It has been the principal route by which banks (and recently a variety of non-banks as well) have sought to absorb their corporation tax liabilities.

The need to marry up lessees seeking equipment and lessors seeking tax "shelter" has led to the growth of lease brokers and the establishment of a kind of market. Much of the business slips through the official statistical net but figures covering just the members of the Equipment Leasing Association give a good idea of the trend. New business handled jumped from £675m to £1.2bn in 1978. Allowing for an increase in membership, this represents an underlying growth of two-thirds. Further substantial growth is being achieved in 1979.

The banks have also been developing areas like project finance and exploration and development finance—especially important in the context of the North Sea oil and gas sector. Sometimes this has been done on a non-recourse basis, and along with leasing this has led to a great expansion of so-called off-balance sheet financing.

It is a trend which has often *seemed* to be *welcomed* by finance directors seeking to present strong looking balance sheets. But it has been causing a good deal of concern to the accounting profession which will soon be launching an exposure draft on the question of accounting for leasing finance.

The Government may have crowded the corporate sector out of the long-term bond market but there are opportunities for companies to tap the Government itself for finance. Thus the National Enterprise Board and its Scottish and Welsh counterparts have very substantial funds at their disposal. Specialised financial support is also sometimes available from the Department of Industry or from European agencies.

But under a Conservative administration State intervention can be expected to decline. It is likely to be up to the private sector institutions to adapt to a changing situation in the next year or two, during which inflation could start declining again after a new upturn and the strength of sterling could put considerable pressure on UK manufacturing industry.

There are clear signs of a developing squeeze on the profitability of British industry, which is almost certain to lead to an increased financial deficit for the corporate sector. If the Government manages to cut its own deficit the financing of the corporate sector could return to something like its old pattern. If not, then the financial system will be forced to resort to further innovation.

Barry Riley

Industry's cash running low

A MAJOR deterioration is occurring in the profitability and financial position of industry. There has been warning of this in the last month from both the Confederation of British Industry and the Bank of England in its quarterly bulletin. The result is likely to be a further rise in industry's demand for outside finance, both from the banks and from the equity market.

The key is the expected trend of profits. There was a modest growth in profits during 1978, partly reflecting the consumer boom and recovery in output. Gross trading profits of industrial and commercial companies, net of stock appreciation, rose by 16 per cent last year compared with 1977. Consequently, even though dividend payments were 20 per cent higher and 50 per cent more was paid in UK taxes, saving by industrial and commercial companies rose by nearly £1bn. Spending on fixed investment, however, rose by £1.4bn.

The result was that the financial deficit of the company sector increased from £1.8bn to £2.3bn. This was reflected in further heavy borrowing from the banks, up £2.89bn, though this was slightly less than in the previous year and much lower than in 1973-74. Moreover, the gearing and debt/equity ratios of the sector as a whole were much more favourable than during the liquidity squeeze of 1975.

For the year as a whole the real rate of return of companies outside the North Sea sector was probably about 4¾ per cent befnre tax and after adjusting for capital consumption at replacement cost. This was broadly the same as in 1977, hut compares with a range of 8 to 9 per cent in the early-1970s.

From the autumn onwards, howevar, there was a turn for the worse. The recent Bank hulletin blamed the erosion of profitability on "increasing raw material costa (reflected in an 18 per cent increase in stock appreciation in the second half); a firmer exchange rate (squeezing competitiveness at home and abroad); the increase in tbe national insurance surcharge; and the stagnation of output and productivity."

Pressures

These pressures were reflected in an increase in the sector's financial deficit from nearly £400m to £876m between the third and fourth quarters. Bank borrowing by the sector also accelerated to £800m in the final three months of 1978.

The squeeze has undoubtediy rontinued so far this year. The CBI recently estimated that industrial and commercial companies' pre-tax rate of return at replacement cost was 3.3 per cent in the first three months of this year, 1.4 points lower than 1978. After excluding North Sea operations the real rate of return was 2.9 per cent compared with last year's average of nearly 4¼ per cent.

The decline waa the result nf a small drop in gross trading profits coupled *with* a *further* sharp increase in stock appreciation because nf the re-acceleration nf inflation. The fall in gross trading profits was partly due to the exceptional impact of the industrial disputes and the bad weather of the first quarter. But there appears to be an underlying decline in profitability as a result of both continuing sbarp rises in unit labour costs and of the strength of sterling, up more than 9 per eent *against* other *currencies* so far this year.

The CBI warned that "with the prospect of weak demand both at home and abroad and cost competitiveness at present 15 to 20 per cent worse than two years earlier the prospects for company profitability in future months are bleak." The Bank has commented that "the prospect is that the pressure on the profitability and financial position of companies will continne."

The extent of the deterioration and its Implications for industry's demand for external finance is still unclear. It will depend in part on the extent of the rise in the *inflation* rate and on the depth of the downturn in economic activity over the next year.

On the incoma side the growth of profits of Industry outside the North Sea sector is likely to slacken significantly because of cost and exchange rate pressures. On the other band, thera may be a continuing rise in interest payments (refleeting previous borrowings and high interest rates) and in taxes and dividend paymants.

Bnt inflation could push up the amount required to finance stock appreciation by between £1½bn and £1¾bn from last year'e *figure* of £3.2bn. The big uncertainties are fixed investment and the physical level nf *stocks*.

Consequently stockbrokers Phillips and Drew have projected a rise in the publisbed financial deficit of companies from £2.3bn last year (£1.5bn after excluding North Sea activities) to £3.9bn (the same ex-North Sea) this year and up to £5.4bn in 1980 (£4.3bn). Brokers *Wood Mackenzie* have projected a rise in the deficit to £4bn this year and £4.5bn in 1980.

These *projections* are open to a wide margin of error and a better guide to tbe underlying financial position is believed by some analysts to be the demand for external finance. Phillips and Drew suggest that this may *rise from* £1.2bn last year to £3.3bn this year and to £5.7bn in 1980. This is after adjusting for unremitted profits and direct Investment both in the UK and overseas.

The balance of supply of this external finance will depend in part on the size of rights issues of new equity capital. So far *this year these issues have been* running well above last year's level. But there is still likely to be a significant rise ln new bank borrowing by industry. Phillips and Drew suggest that additional borrowing could rise from just under £2.9bn last year tn £4bn *this* year and £5.3bn in 1980. *Wood Mackenzie*, who *are* more bullish about rigbts issues and other sources, estimates that additional bank advances will be £3.5bn this year and £4.7bn in 1980.

The pattern could be extremely uneven. Borrowing has been boosted so far this year by the industrial disputes and by the bad *winter as well* as by stockbuilding ahead of the pre-Budget consumer boom. The profits squeeze and the resulting financial deficit may sustain borrowing. On the other hand, if the economy does move into a deep recession, spending on fixed investment may be reduced and stock levels may be cut. This could lead to a slower growth of bank lending to industry.

The timing remains uncertain. The net liquidity of industry has already started to decline and is likely to deteriorate further in tha next year. But it is too soon to draw comparisons with 1974-75. As Phillips and Drew *have* pointed out, gearing is now down to 18 per cent compared with 26 per cent at tbe end of 1974. The improvement has resulted mainly from higher levels of internal cash generation and from the wave of *rights issues in 1975*. The brokers warn, however, that the financial pressures of the next year or so could boost gearing to around 21 to 22 per cent by the end of 1980.

Peter Riddell

Economic Correspondent

Clearing banks widen loan facilities

THE CLEARING banks are major providers of medium and long-term funds for industry. The most outstanding example of this is traditional overdraft lending, wbich is nominally short-term but very often of a *hard-core nature. Increasingly*, however, tbe banks are seeking *to* replace this bard-core overdraft finance with agreed term lending facilities. As one banker said recently: "Untit a few years ago, wben someone *came* to *us* for money tn buy a factory we automatically put it on overdraft. Today we give him a loan."

The big clearing banks are indeed unlversal banks in the sense that they provide a very wida range of banking services for the corporate customer as much as for the individual. While the Britisb banks stop sbort of heavy involvement in equity finance for industry the difference between the British and German approach tn banking is diminishing rapidly.

The ovardraft bas long baen the most popular form nf lending for the corporate sector in the UK, because of its flexibility and relatively cheapness. Apart *from signing a standard* form of security the amount nf dncumentation attaching tn it ia minimat. The clearing banks bave up to now favoured the overdraft as their vehicle for lending to industry because it presented *nn matching* prnblems, with deposit rates moving in line with lending rates.

However, the overdraft is iinked through the base rate mechanism to current account and seven-day deposit rates, which are no longer the whole of the bank's funds. They are forced to resort to borrowing "wbolesale" themselves because of competition ln the Higb Street for deposits from the building societies, allied to the high public sector absorption of savlogs. Tbis wbolesale deposlt-taking is now thought to account for 25 per cent nf clearing bank deposits, though the proportion has been up to 35 per cent.

Against this background, the increasing amount of medium and long-term finance wbicb the clearers are lending is inevitably raising questions which run right to the heart of the banking system—how long and to what extent can banks *lend* and borrow sbort. At present the banks rely to a great extent on the historical stability and loyalty of their current account balances.

Nevertheless the clearing banks bave over the past decade made what one of the country's leading bankers, Mr. Deryk Vander Weyer, recently deacribed as a "wide-ranging attack" nn the corporate market. The upper reacbes of this market were in danger of being lost to the non-clearers and the merchant banks. The present trend, whicb Mr. Vander Weyer expects to continue into the eigbties, ia for a two-tier lending rate structure to develop around the overdraft.

Standby

"On the one hand, larger customers are switching to inter-bank rate-related advances not only for medium-term finance but also fnr working capital, and they are drawing loans from a variety nf banks as it suits them. For them, the nverdraft may becoma a standby facility, for the provision nf which the charging of a *fee* may become more common." However, he expects that smaller companies will continue to rely on the overdraft because they are unable to handle economically the administrative cnmplexities nf roll-over dates and draw-downs associated with inter-bank-rate linked borrowing.

Accompanying this trend towards greater sophistication in iarge corporate borrowing there is a gradual breakdown of the old "one company-one bank" relationship. Corporate treasurers appear willing tn shop around more and more.

But apart from the overdraft, *what* nther forms of medium and long-term finance are available from the clearing banks? The facilities availabla range over loans up to 10 years, and longer if *necessary, from* the clearers' merchant banking aubsidiaries, project finance, leasing, soma fixed rate lending, and "wbolesale" lines of credit.

Bankers argue that Government dominance nf the medium and long-term pnblic debt markets has obliged companies to turn to the banks for more and mnre medium-term credit. The clearers tend to limit themselves to loans from 8 to 10 years, but lnnger terms are available. Barclays Merchant Bank, *for* instance, will "exceptionally" go up to 15 years, though 10 to 12-year loans would be the norm.

It is virtually impossible, the *clearing banks say, for them to* obtain medium-term savings from the public. Consequently, to quote Mr. Vander Weyer: "Nn one can say how far the banks dare go on lending longer while the system denies them a proper lending base in the form of genuine medium-term savings to match their loans."

For similar reasons the supply of fixed rate funds prevents the clearers from becoming too invnlved in fixed rate lending to companies. Unless there is a reduction in public sector debt resulting in greater availability of funds for which the clearing banks can compete the situatinn is expected tn continue.

The increasing use of "wholesale" lending—the granting of straight credit lines on loan or acceptance credit without necessarily any other banking relationship — may also be regarded as a source of mediummterm funds. Today the larger company has direct access to the London money market as an alternative tn using the clearing *bank branch network. In this* way companies may obtain borrowing limits for agreed periods.

Barclays Bank expects this form of company finance to develop significantly nver the next 10 years. In response, the clearers may be expected to develop corporate branches, or branches with separate managers for large corporate *cuetomers. Indeed*, the larger corporate business will probably tend to by-pass the local branch in favour of the specialised expertise available at bead office.

Allied to all this the clearing banks are baing fnrced to re-appraise their approach to lending. Historically, the clearers bave the reputation as banks which want to lend against the sacurity of assets, covered by fixed (preferably) or else floating charges. This has resulted in criticism from the *American* banks in London, *which* claim to apply the "going concern" approach to lending in contrast with the clearers' "liquidation" approach. The criticism has upset the London majors, and it seema probable that there was something in what tha *American* banks claimed.

At least the clearers are responding. Only recently nna clearer sent a few thousand bank managers nn a one-off intensive course in management accounting run by accountants Arthur Andersen. Today tha official line is that the clearers use both the going concern and liquidation methods in assessing lending.

With all this happening in the clearing bank sector tha scope for the merchant banks is increasingly limited. Only recently Hill Samuel confirmed that it is no longer concerned to expand its banking business as much as other more profitable activities. The hopes nf others are directed more and more towards putting together and making a small contribution to loans. The larger accepting houses will continue to seek equity stakes in the larger private companies, in anticipation of eventual sales nr flotations. But the medium-sized company may increasingly go the way of the clearing bank-owned merchant banks.

Michael Lafferty

Potential of the big funds

IN 1979 the total of cash inflows for the major investing institutions could well approach £10bn—a figure that does not include the building societies, which took in around £5bn in 1978 and will be aiming to attract substantially more this time.

During the life of the previous Government the rapid growth of the resources of the institutions never resulted in a great increase in the flow of funds to industry. The money was mostly mopped up by the persistent large financial deficits run by the Government, the counterpart of which was sales of gilt-edged securities running at £5bn or more a year. It was also absorbed by the steady selling of existing ordinary shares by private individuals. The institutions have rarely threatened to develop cash surpluses which would force them to find new avenues for their funds.

So far the Conservative administration has followed much the same path as its predecessor, raising interest rates to a level which has forced down the equity market and made sure of heavy purchases of gilt-edged.

But the Tories have also started to dismantle some of the anti-investor aspects of the personal tax system, initially by cutting back the extremely high rates of tax formerly payable on investment income. And the philosophy of the Government is certainly to cut back the level of public borrowing as soon as is practicable.

There is thus an intriguing possibility that at a later stage in the life of the Government the institutions will be buying fewer gilt-edged and will find private investors less keen to sell out to the big funds. What kind of new shape might the capital markets take on in such circumstances?

Different institutions do of course have rather different objectives. The largest single group comprises the life assurance offices, which bad a bumper year in 1978 when their revenues jumped by two-fifths to just over £4bn. Traditionally they are quite heavily invested in fixed interest securities because although many of their policyholders share in profits, they by and large have commitments which are fixed in money terms.

With the pension funds, however, where the liabilities rise in line with the inflation of wages, there is an emphasis on equity-type investments which offer at least the hope of a return which rises in line with inflation. Last year the income of the pension funds climbed by around 16 per cent to £3.7bn, with particular buoyancy noticeable among the big public sector funded schemes.

Other investment institutions include the unit trusts and the investment trusts, but while there are substantial sums under the control of these groups the net inflows are comparatively small. Net sales of unit trusts, for example, were £0.24bn in 1978 and much of this represented investment in overseas trusts which have provided the main growth area for trust managers in recent years. Quite a number of trusts invested in British shares have actually been suffering net repurchases recently.

Investment trusts are a more clearly shrinking area. They sell at a large discount to the value of their underlying assets, and this has made them vulnerable to takeover bids from the rapidly expanding public sector pension funds. In any case, investment trusts are also heavily weighted towards overseas investments, which account for about a third of the sector's assets.

Mention should also be made of the general insurance companies which enjoy quite large cash flows — net investment has been running for some years at about £0.7bn annually — but have been reluctant to become too exposed to the equity market after the 1974 shake-out of share prices which caused insurance companies considerable balance-sheet embarrassment.

Dominant

So as far as the supply of funds to industry is concerned, the life companies and pension funds, especially the latter, are the dominant influences. In both 1977 and 1978 the pension funds invested about £1.5bn in ordinary shares, against about £0.6bn in each year for the life offices (many of which run thriving pensions businesses).

Two key factors determine the rate at which the big funds buy equities. One is the rate of the transfer of existing shares from small private investors—which is partly a function of the level of the stock market. The other is the rate at which companies issue new shares. Because of the dearth of new flotations, most new shares are created through rights issues, though there was a big institutional interest in the STC offer for sale last month, for example.

Since the peak year of 1975 — when Ordinary shares of £1.27bn were issued by listed UK companies — rights issues have declined to an annual level of under £1bn in the past two years (though there has been something of a spurt since the election). At times this has left institutional fund managers chasing prices upwards, though the lure of gilt-edged has often moderated the enthusiasm for equities.

Fund managers have an alternative to equities in the property market, which has absorbed funds at the rate of something like £1bn a year. But the supply here has been very restricted and values have become less attractive.

So there is a chance that as Conservative policies are carried out, and the private investor comes back more actively into the stock market on his own account, there could develop a major bull market in equities. The "weight of money" argument which has been frequently cited by bulls in the past, but has never properly been justified, could at last prove to be valid.

Of course a stock market boom would eventually affect the balance of demand and supply. Companies and entrepreneurs would be attracted by the high level of prices to issue more shares. Institutional flows would also be reduced—as companies cut their contribution rates because their pension funds were in surplus, and as the savings ratio fell back from the exceptionally high level of the past few years.

At this stage, the Government has still to achieve the big cut-back in borrowing which is a prerequisite and share prices have been going through a nervous phase. The institutions have moreover been getting a little jaundiced about the kind of rights issues that are being launched, which have tended to be opportunistic affairs rather than designed to finance specific investment programmes.

They have become conscious that the preference of the big funds for big companies to invest in has sometimes operated too much in favour of the industrial and commercial giants. The institutions have become much more active in the shares of small listed companies and are also venturing more actively—with half an eye on the Wilson Committee—into the unquoted sector.

The force of the institutional tide has been such that shares of small companies have performed much more strongly than those of the blue chips in the past two years or so. In this respect virtue brings its own reward (until the tide turns). Sometimes this investment has been by funds themselves, sometimes through specialised intermediaries like small company unit trusts.

Interestingly, some of the institutions have chosen to dabble in the unlisted sector which is where many feel the real financing gap, if there is one, exists. Examples are the British Gas pension funds and Prudential Assurance which have joined up with Midland Bank in Moracrest, which takes stakes in unquoted companies. Moracrest invested £2.3m in its first full trading year.

Electra Investment Trust is also actively seeking unquoted investment opportunities and recently called on senior executives of subsidiaries of public companies to put forward ideas for hiving off their operations from the parent concerns, where they "may no longer fit within the corporate pattern of the parent."

Even the building societies have told the Wilson Committee that they have from time to time asked the question whether they might move into the area of industrial finance. They have considered whether they might direct money to Finance for Industry, for instance, in certain circumstances. But at present there does not seem to be demand from industry beyond the capacity of the banks to meet it.

This is a general problem for the financial institutions—industry simply does not appear to have a really major requirement for long-term capital. If sterling continues to be strong it could be that the investment opportunities which the institutions will need to replace gilts will have to be found as much overseas as among the ranks of British industry.

Barry Riley

Ideas on small companies

A MAJOR review is being carried out by the Government of methods of encouraging businessmen to found and expand small companies. Aware that the Budget alone will not do enough to release the entrepreneurial drive that is needed to boost significantly the number of successful small companies, Sir Keith Joseph's Department of Industry is working on a number of methods of helping entrepreneurs to obtain equity and loans and to acquire and develop technological expertise.

Some of the ideas are similar to those that were being assembled by Mr. Harold Lever, the last Government's Cabinet Minister responsible for small companies. Others are new, among which are more generous taxation concessions than would have been possible from a Labour Government (despite Mr. Lever's personal inclinations).

On the other hand there is now little interest in developing major new institutions—so there seems to be little chance of an American-style Small Business Administration being created despite the fact that it has been called for by several small companies' representative organisations.

Ideas proposed in the Wilson Committee on Financial Institutions' report at the beginning of the year will be taken into account by the Government, but the report now has less significance for future policy developments than if a Labour Government had remained in power. In particular, Conservative Ministers are critical of the report's failure to come to terms sufficiently with the need for major taxation changes.

Instead another report has been passed around Whitehall and is being treated seriously by Ministers and their advisors. It has been prepared by the Massachusetts Institute of Technology after a study of the performance of 5.6m companies in the U.S. from the end of the 1960s to 1976. It suggests that there is a "life cycle" of companies being created and dying, and stresses the crucial role of small young companies in stemming the tide of unemployment.

Researches showed that small businesses with 20 or fewer employees generated a remarkably high 66 per cent of all new jobs in the U.S. between 1960 and 1976. There was a marked fall for larger companies, with those employing 21 to 50 providing 11.2 per cent of the total. Those with 51 to 100 employees provided 4.3 per cent, while those with 101 to 500 employees provided 5.2 per cent. Further statistics showed that 80 per cent of all new jobs were created in companies up to four years old, a figure which fell sharply to about 9 per cent for five year to eight-year-olds and to 5 or 6 per cent for those of nine years or over.

Young

"The job generating firm tends to be small. It tends to be dynamic (or unstable, depending on your viewpoint)—the kind of firm that banks feel very uncomfortable about. It tends to be young," concludes the report. "In short, the firms that can and do generate the most jobs are the ones that are the most difficult to reach through conventional policy initiatives."

In a further passage that brings instant agreement from the Government and financial institutions in the UK as well as in the U.S., the report adds: "The very spirit that gives small firms their vitality and job-generating powers is the same spirit that makes them unpromising partners for the development administrator."

Faced with increasing worries about the prospects of unemployment in the years ahead, Ministers have seized on this report as evidence of the need to spend Government time and money helping small companies with detailed initiatives in addition to the taxation incentive contained in the Budget. Further taxation changes will follow in the next couple of years. Other plans that have already been announced include amendments to the Employment Protection Act and company law changes to exclude a new category of proprietary company (small businesses managed by the people who own them) from certain disclosure and auditing requirements.

But the main possible initiatives now being worked on in the Department of Industry—where Mr. David Mitchell is the junior Minister responsible for the small businesses under Sir Keith—are concerned with the provision of equity and loans. It is accepted in the Department that the major problem is equity; but there is a feeling that the problem may be so difficult to solve that the question of loans must be given a high priority as well if the gap is to be filled.

This argument stems from small businessmen's dislike of handing over some of the ownership or managerial rights to people who provide them with funds. Because of this, Ministers are considering whether something can be done to overcome or bypass this resistance and so open the way for a greater flow of equity funds. The Department is specially concerned here about the tiny company that has no financial expertise and whose financial requirements are too small for organisations like the Industrial and Commercial Finance Corporation.

Autonomy

One idea being considered is whether it could be made easier for the founder of a small business to be able to buy out a provider of equity after a certain period so that there is no permanent loss of autonomy. Questions of royalties and voting rights are also being examined to see how a small businessman can be protected from interference by people who provide him with funds. No conclusions have yet been reached as to whether these ideas are viable and should thus be backed by the Government.

Ministers are also studying a new Federal German Government venture capital scheme. In addition, consideration may be given to the Wilson Committee's idea for a new type of investment fund called a "small firm investment company" which would invest in unquoted small companies but itself would be quoted on the Stock Exchange.

On loans the Government is taking a somewhat different approach from the Labour administration, which hooked itself on the idea of a guarantee scheme for clearing bank loans, possibly backed by some State funds. The new approach starts with an examination of what can be done to help banks assess the risk involved in lending to the untried small business or project. The hope is that the banks will be more willing to provide loans if someone will help with the assessments that they themselves are generally ill-equipped to carry out cost-effectively. If at the same time the banks were willing to introduce new guarantee arrangements, they would receive encouragement but no State aid from the Government.

To try to improve the job of assessment, Ministers have been studying the operations of the Council for Small Industries in Rural Areas (CoSIRA) and the Agricultural Credit Corporation, which bring expert knowledge gained through their consultancy and other services to the job of assessing the viability of business propositions.

One idea being considered is whether the Industry Department's small companies counselling services, which are located around the country in regional centres, could be adapted to provide just such an expert assessment service for local banks and other financial institutions. Such help is already provided informally but might be extended and formalised.

The Government is unlikely to reach any major conclusions on these ideas till the end of the year. But general Cabinet concern about rising unemployment plus Sir Keith Joseph's secret of reinvigorating entrepreneurial spirit in industry make it certain that some new initiatives will be produced eventually.

John Elliott
Industrial Editor

The lending agencies and their scope

THE INCREASED competition among lenders of medium and long-term finance created both by the activities of the National Enterprise Board and the clearing banks has left one City institutioo, Equity Capital for Industry (ECI), still searching for a role with which it can be widely identified. At the same time Fiuance for Industry (FFI), backed by the major English and Scottish banks and the Bank of England bas had a less open field than it has traditionally enjoyed over the years, with the result that it has on occasion been beaten to iovestments which it would have liked for itself.

This situation tends to confirm the much discussed view that there is no shortage of fuods for investment in companies. Rather is it a question of a sbortage of suitable investments, or of companies willing to accept the terms attached to this class of money.

Backing

Agaiost such a background it is perhaps not so surprising tbat ECI has got off to a slow start, sioce its very existeoce is due to the view that there was a gap in the market for finance. Set up as a result of a City initiative and with backing from insurance companies, Investment and unit trusts, pensions funds and FFI, by the end of its second financial year in March, 1979, it had made a total of seven investments valued at £9.4m.

In this period ECI had adopted a passive role, relying on City institutions to spread tbe word as to its existence and its role. As Lord Plowden, ECI's chairman, commented in bis last annual report, this had resulted—according to a consultants' report—in ECI being "either unknown or its role misunderstood."

It has since adopted a more active and aggressive stance, making direct approaches to companies and developing wbat It feels is a more flexible range of facilities aimed at allowing ECI to become a "significant minority shareholder" in industrial companies by way of direct subscription to ordinary shares, or by way of finance in the form of convertible preference shares or convertible loan stock.

Hinted

The companies ECI aims to invest in have a market capitalisation of between £1m and £40m and the investment will be made "only when it is clear that we are supplementing the primary role of the equity market," according to Lord Plowden, when reiterating the company's policy. Yet he also hinted at allowing greater flexibility of operation when he said that "we must recognise the unusually rapid changes in financial conditions that companies face, for example, the volatility of interest rates and the changing pattern of the 'rigbt' market. If it is to develop in a constructive way, ECI must adapt as external market conditions change."

FFI's role spans a much wider area than ECI's and In some ways this possibly tends to confuse the outside world as to exactly wbat it does do. It bas, for example, its Technical Development Capital subsidiary which aims to put money behind technological innovation, quite probably at the start-up stage. Because this company operates separately from Industrial and Commercial Finance Corporation (ICFC)—another FFI subsidiary—start-up finance is frequently associated only with TDC and not with ICFC as well. In fact a reasonable number of ICFC's investments in any one year will be as small as £5,000, and as FFI's results, published today, sbow a total of 437 customers were advanced amounts of between £5,000 and £50,000, the total sum involved being £10.2m.

During 1978-79 ICFC looked at more than 1,400 applications for finance and eventually made offers totalling £110m to 1,055. After allowing for those applicants which withdrew, the gross investment made by ICFC was £68m to 783 companies. ICFC's investments are made by way of medium- and long-term loans or equity participation, or a combination of both. Its equity portfolio at March 31, 1979, totalled £55m, representing investments in 860 companies.

Another part of ICFC's role which is of particular interest given the need to develop more industry in the depressed areas of the UK is its administration of funds from the European Coal and Steel Community (ECSC).

The ECSC provides funds at very reasonable rates of interest to back projects that provide employment for people made redundant in the coal and steel industries. ICFC assesses projects and can approve them or recommend to ECSC that they be backed. This is a role that is also carried ont in the UK by the British Steel Corporation itself.

Orbit

FFI's other major subsidiary, Finance Corporation for Industry (FCI) looks after the big end of the market—that is, large companies which do not fall within the orbit nf ICFC. Over the past couple of years it has been rather less active than Its sister company, simply because high interest rates and the continuing wide margin between fixed and floating rate money has deterred companies from making large investments. Nevertheless, FCI's lending in 1978-79 rose by £23m nver the previous year's figura to a total of £63m.

Nicholas Leslie

National Enterprise Board

THE FUTURE of the National Enterprise Board (NEB) as a source of medium and long-term finance is now in doubt following the election of the Conservative Government. A review of the role of the NEB is still being carried out by Sir Keith Joseph, Industry Secretary, and it is not yet certain whether he will announce preliminary conclusions, as had been planned, during the next few weeks before the Parliamentary summer recess or later in the year.

The initial review concerns the Government's wish for the NEB to provide £100m towards the £1bn that the Chancellor of the Exchequer wants to raise this year by the sale of State industry assets. The NEB has suggested that the money could be partly raised by merging its electronics and computer interests into a new subsidiary which would ba partly sold off to the private sector to tha tune of £50m. A further £40m would be borrowed from City institutions for Rolls-Royce, and other NEB activities would be trimmed by £10m.

This plan has not met with instant acceptance in Whitehall and is to be discussed by Sir Keith and Sir Leslie Murphy, NEB chairman. The alternative idea, which is more in line with Conservative policy for trimming the NEB's powers, involves it selling off some nr all of its holdings in Ferranti and ICL and, perhaps, Fairey Holdings.

Beyond this immediate issue lies tha longer term role af the NEB which will be dealt with in an Industry Bill in the autumn. The Government seems committed to its manifesto pledge of keeping the NEB in being to look after "lame ducks" such as BL, Rolls-Royce, and Alfred Herbert, and it has also come under some pressure to preserve NEB's role of encouraging high technology developments like its INMOS micro-chip venture.

But what is far less certain is whether the NEB will be allowed to continue with its entrepreneurial merchant banking role of helping small and nther companies with equity and loans. This role is contrary to Conservative policy and may well be stopped, even though the NEB has floated the idea that it could eventually assembla some of its successful ventures in a small and medium companies subsidiary and then invite a private equity stake in the same way as it has proposed for the electronics field.

Tho NEB at present has investments in some 60 companies and is the sixth largest industrial group in Britain, with a total turnover in 1978 of over £4bn and with more than 250,000 employees. These figures are dominated by BL but includa a considerable number of small and medium-sized companies as well.

John Elliott

Reviving the Stock Exchange's role

THERE ARE two ways to establish the Stock Exchange as a prime source of long-term funds for industry. One is to improve the existing mechanisms nf the market-place. The other is to change the financial environment. Tbe second, if it could be done, would be by far the more important.

Over the past decade the Government has pre-empted the company sector's position in the primary capital market. In 1968 sales of public sector debt to the private sector, excluding the banks, amounted to just £23m. By 1978 the figure bad exploded to £7.3bn, of whicb gilt-edged securities amounted to more than £5bn.

The net amount of money raised by industrial and commercial companies in the stock market rose from £482m to only £741m over the same period, and the issue of fixed interest debt by companies dried up altogether.

If the new Government fulfils its promises, this position could be reversed within the next five to ten years. Already some of the more adventurous City analysts are sketching out what might bappen if the public sector financial deficit were to decline in money terms in the period up to the mid 1980s as a result of rising North Sea revenues and the Tory commitment to restore a system of sound finance. If at the same time the inflows into insurance companies and pension funds were further boosted by a rise in money incomes, then the institutions' continuing demand for fixed interest securities would have to be met by somebody apart from the Government broker.

That would be the time for a revival in the corporate bond market, which used to raise several bundred million pounds annually in the 1960s, and has actually been a negative item in the company sector's source of funds during recent years. The institutions could also restore their stake in the industrial and domestic mortgage market to the higher levels which were general before interest rates became as erratic as they are now. Purchases of ordinary shares—which now account for under a quarter of the institutional cash inflows—could also rise to much bigher levels.

Sucb trends may sound like moonshine. But as brokers L. Messel pointed ont in a recent financial analysis, they look much more credible if the investment patterns of the 1960s are recalled. Then the market-place really did play a part in allocating resources to companies and industries. The long-run effect of cutting the public sector borrowing requirement would be to take this task away from the public sector, by cutting back industrial subsidies, employment grants and so on, and hand it over to private financial institutions. If this happened, the Wilson Committee could pack its bags, and the Stock Exchange would become the artery througb which long-term new capital flowed to industry.

Decline

Pending the new dawn, however, the existing stock market mechanisms are not perfect and need to be improved. A particular cause for concern at present is the continuing decline in the number of equity securities of companies registered in the UK. These have fallen from over 3,000 in 1974 to a current figure of under 2,400, as far more companies bave disappeared through takeovers or natural causes than have emerged for the first time as new listings.

In an effort to counter this trend the stock exchange authorities took active steps last summer to promote dealings in the shares of unlisted companies within the stock exchange under Rule 163 (2). This facility was not new, but in tbe past jobbers were not encouraged to run a book in such securities. That changed once the stock exchange started to promote these dealings last summer—and the results have surprised the authorities.

Dealings under Rule 163 (2) have been running at about £1½m per week in recent months. That is still tiny by the standards of the listed security market—but it is about 2½ times the level seen a year ago.

The worry is that the market is almost completely unregulated. All bargains are struck on a conditional basis, and are subject to permission to deal being granted by the exchange authorities. But only in very rare cases has such permission not been immediately forthcoming. Unless the rules are changed, there is going to be a scandal sooner or later. Aware of this threat, a subgroup of the quotations committee is currently looking into ways of controlling the market without killing it.

Only two conclusions seem to be definite at this stage. One is that the committee is not going to recommend a sort of second division for the listed market, but will try instead to devise a new category of unlisted securities. The other is that trading in such securities will be kept on the existing floor of the house, for reasons both of economy and efficiency.

That apart, the Exchange will have to tread a very delicate path. If the new category is made too attractive, there must be a real risk that second line listed companies—whose securities may be traded only very infrequently—may drop down into the unlisted sector. If it is made too tough, though, the market will lose its point.

It is arguable that the minimum capitalisation for a listing in the UK is too small—£500,000 against $16m in New York. Would it be desirable to reduce this barrier still further for the unlisted sector? A listed company has to show a trading record of at least five years. Would it be wise to let the public in for anything less? And although it is obviously desirable that such a market-place should be seen as a staging post towards a full listing, it is doubtful whether the Stock Exchange could or should make dealings in an unlisted share conditional on the company applying for a full listing after any particular period of time.

Rights

The Stock Exchange must ensure that unlisted companies have a rapid and widespread system of publishing price sensitive information. Thereafter, it will probably have to be content with a battery of "caveat emptor" signs. We shall be hearing more of this in the autumn.

Meanwhile there is also scope for rethinking the mechanism of the rights issue—which has become far and away the biggest source of long-term capital derived by industry through the Stock Exchange. In recent years, tha rights issue has not proved to be an efficient way of allocating equity funds to the companies that can make the best use of them.

There have been three reasons. These were the existence of a system of statutory dividend controls which did not apply to companies raising equity capital, the dependence on a somewhat rigid underwriting formula, and the absence of any detailed requirement for the company raising funds to say what they were for.

The upshot has been that companies with the most dubious prospects and inefficient management have been able to raise the equivalent of about a fifth of their market capitalisation so long as they have been willing to bump up their dividend payment at the same time.

Now dividend controls are ending. And there is a growing feeling that a rights issue should be accompanied by a detailed prospectus of the company's future plans. In such an investment climate it should not be beyond the wit of the City to find a system which still gives existing shareholders first priority—but which also enables sound companies to raise amounts of money which are related to their actual investment requirements rather than to a rigid formula based on their market capitalisation.

After all, if there is even a slight possibility that the private sector investing institutions could take on a bigger role as a provider of long-term funds for industry, they are going to need a mechanism which works efficiently.

Richard Lambert

Where the balance sheet does not tell all

OFF-BALANCE SHEET finance is an expression that ougbt to make the auditing profession very concerned. Its implication is that a business has obtained more borrowings than are shown in its accounts, certainly on the face of the balance sheet.

There are nnmerous methods of "off-halance sheet finance" but the best known are probably leasing, factoring, and project finance, wbere repayment depends on the outcome of a particular project. The latter form has heen employed a great deal in tbe finance of North Sea oil and gas exploration.

The attractions of all "off-balance sheet" finance forms to the companies using them must reside around the fact that they are a source of additional funds wbich do not affect the sbape of the balance sheet.

It may seem odd that despite the fact that off-balance sbeet finance bas been around in one form or another for many years the acconntancy profession bas not yet come up with any proposals for dealing with it. So far only leasing bas received consideration from the Accounting Standards Committee (ASC), the profession's rule-making body on company accounting matters. Although work has been going on for years and most aoditors and finance directors seem agreed abont how to account for leasing in the lessee's books, not even a draft accounting standard has yet been issued. The reason for this is that the ASC is facing strong pressure from leasing companies to allow leasing to continue off-balance sheet.

The leasing companies (lessors) believe that the most appropriate way of reflecting a leasing transaction in the accounts of the lessee is simply by inserting a note to the accounts showing leasing obligations. They are opposed to the anditors' view that leased assets should be "capitalised" in company accounts, together with the related liability. The capitalisation follows through from the notion wbich many accountants hold dear—the substance over form argument. In this case it is said that leasing is nothing more than a method of borrowing money to acquire an asset.

The concept of substance over form is not one of the UK fundamental accounting concepts enumerated in statement of standard accounting practice No. 2. However, it is contained in the international accounting standards and is probably accepted by a majority of UK accountants.

It is instructive to consider why the leasing companies want to have leased assets off-balance sheet. If they were not, It would remove nne of the Industry's main marketing points. Secondly, there is the greater fear that once it became standard accounting practice to capitalise leased assets the Inland Revenne might seek to change tho law in relation to capital allowances.

Under the present system capital allowances on leased assets are attribntabla to the lessor. Indeed few leasing company executives would argue with the view that leasing is entirely tax-based. No doubt leasing would always exist, hnt it seems unlikely in the extreme that it could reach anything like its present boom levels withont the exaggerated capital allowances system.

Disrupted

If capital allowances on leased assets were suddenly to become attributable to the lessee, under the present tax system, the leasing industry would be severely disrupted. However, this seems an unlikely development, according to Inland Revenue sources.

The best known example of off-balance sheet leasing finance where a company subsequently hit the rocks is of course Court Line, the holiday concern which collapsed in 1974. These are somo extracts from the Inspectors' report on the company's failure:

"It was not Court Line's practice to disclose its lease nbligations other than the mandatory details of the actual annual charge for assets hiring and leasing. In practice Court Line made extensive use of "off-balance sheet" borrowings, and in consequence its true commitments were never disclosed . . . Off-balance sheet borrowings significantly increased this gearing."

Included in Court Line's leasing obligations were borrowings relating to two TriStar airliners. These had been leased over 15-year contracts which involved rental payments of approximately £1.195m for the first two years and £2.451m per annum for each subsequent year.

Court Line charged the rental payments on an actual basis as opposed to eqnalising them, as might seem appropriate under normal accounting practice. In consequence the profits for each of the first two years suffered a smaller charge than those in the subsequent years. The effective benefit for the first two year's accounts amounted to £2.2m.

There is no way that any sensible accountant would seek to justify such a pracice today, leasing companies say—adding that if Court Line bad given the information advocated by the Equipment Leasing Association in the form nf a note everybody would have been warned. However, so long as leasing continues off-balance sheet, or there is inadequate note disclosure, companies will be able to organise their leasing repayments as they wish, with the consequent impact on reported results.

Take tha case of the company which thought it might face problems over its unexpectedly high profits with the Price Commission. At the last minute it is reputed to have gone out and leased an executiva aircraft with the lease payments suitably "front-loaded" so as to come up with an acceptable figure of reported profit.

Today, with leasing finance representing something like 25 to 30 per cent of money spent on plant and equipment in the UK it would seem that everyone concerned with company financial reporting would be aware of the necessity to reveal more about leasing commitments in company accounts.

Unfortunately this does not appear to be the case. No research appears to exist on what practice major companies are observing, while even the largest accounting firms do not have clear policies on the matter.

Debtors

Factoring of debtors is another somewhat similar form of finance bnt nne where the actual legal arrangements may ba very different in individual cases. In the simplest case, where a company sells its debtors to a factoring company, there may be no case for leaving the trade dabtors in the balance sheet. Here the appropriate treatment, according tn an article by Arthur Andersan partner John Rule which Alex Lawrie Factors sends to its clients, is to show the overall debtors in total and to deduct therefrom the payments received from the factor in advance of settlement by customers. An additional point is that companies should disclose by way of note their contingent liabilities in respect of bad debts in respect of debtors factored on a "with recourse" basis.

In the case of factoring where debtors are simply pledged by the company as security for a loan the accounting treatment recommended by Mr. Rule is somewhat different. The loan should appear on the face of the balance sheet with a note stating that it is secured by assignment of so much of trade debtors.

Whether all this happens in practice is not clear. There is simply no research available into what companies actually do in their financial statements. The chances are, however, that factoring does take place without disclosure that it is going on. Indeed it might be that companies would be embarrassed if it were known that they had factored debtors, given the somewhat "last resort" connotation which factoring still carries.

Michael Lafferty

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

There are 8,500 radio stations in the U.S., handling more than $3bn worth of advertising

American brainwaves

BY DON BECKETT

NEXT TIME there is a seminar, workshop or conference at which radio advertising is being discussed, we must be prepared for a new item on the programme, especially if there is anyone on the organising committee who was in New Yrok recently. Among the 800 delegates at the annual ANA/RAB Radio Workshop at the Waldorf Astoria Hotel were 50 or so British radio buffs in a party specially organised by Air Services.

One of the contributors from the platform was Dr. Sidney Weinstein, president of Neuro Communications Research Laboratories. He and his colleagues have been wiring up respondents and attempting to make a direct measure of their brain activity when exposed to advertising messages.

Not surprisingly in view of the occasion, the particular experiment reported by Dr. Weinstein showed that brainwave scores rise (after radio exposure) on each of his two measurement scales — activation and interest—so if one of these days you hear radio people talking about waves, do not assume that they are short, medium or long. They could be brainwaves.

For all its 50-plus-year history, its 8,500 stations and its $2.953bn worth of advertisement revenue in 1978, commercial radio in the U.S. is still very much a supporting, not a primary, medium for most advertisers. Radio accounts for only 5 to 10 per cent of a typical agency's media turnover, so that problems arise concerning the quality and weight of resources that can be allocated to it. This applies particularly to the creative side, but also to the media area where major independents like SFM and Vitt are highly active and successful.

The media effort in U.S. radio is largely devoted to solving two problems: first, the huge number of stations involved—imagine the UK with perhaps 2,000 stations instead of 20; second, the variety of audience research sources available, which contrasts with our basic single source JICRAR-approved system. The two problems are related, because individual stations naturally quote and use the audience source which shows them in the best possible light.

One of radio's great merits is its relatively low cost-per-thousand audience for the delivery of advertising messages. Traditionally in the U.S. radio represents an average of 30 to 40 per cent of the relevant TV cost, although there are many exceptions to this generality. With so many stations to choose from, a high degree of selectivity greater selectivity and greater competition, or it may be because of their lower overheads (radio) or their income from sales (magazines). In Britain we should not necessarily expect the relative cost of radio to follow a similar pattern because the medium is at such an early stage in its growth. At £35m, radio represented only 1.9 per cent of total UK media advertising expenditure in 1978, but it will grow in proportion as new stations appear, as the network becomes more national in its coverage, and as the ILR stations raise their marketing and sales efforts.

Of particular interest is the AIRC decision to develop its role

U.S. COST-PER-'000 INDICES BY MEDIUM

	Radio	Magazines	Outdoor	TV	Press
1967	100	100	100	100	100
1971	96	112	119	96	118
1975	112	120	151	123	154
1978	141	145	187	184	195
1979 (est.)	152	158	202	203	211

Source: Radio Advertising Bureau

is possible, allowing a much closer match with a product's target audience than is possible with our own mass-appeal stations.

Debating the relative costs-per-thousand of different media is a largely sterile exercise usually provoking the question: cost per thousand what? However, I do believe there is some value in plotting (as the AA does in the UK) relative cost trends by medium. The table shows indices for each of the major media for selected years from 1967 to 1978, and ends with a forecast for 1979. You will see that over the 13 years from 1967 to 1979, relative costs-per-thousand audience delivered doubled for outdoor, for TV and for Press. On the other hand, for radio and for magazines, relative costs have risen far more slowly, by closer to 50 per cent.

That could be a result of and appoint a director with the resources to actually go out and sell the medium. If that sounds rather modest compared with America's Radio Advertising Bureau, with its large offices on Madison Avenue and three branch offices outside New York, then let us remember that the first ILR stations will be but six years old this autumn.

In the U.S., commercial radio has been operating for 51 years longer, and they have approximately 8,480 more stations than we have. They even have a Museum of Broadcasting.

One day perhaps we shall have to cope with problems such as making 2,128 different radio commercials for American Express or booking over 1m spots for Datsun. How we would manage such labour-intensive campaigns I am still not sure, but I've just had a brainwave!

Saatchi keen to buy in New York

SAATCHI AND SAATCHI INTERNATIONAL, formed in April as the international arm of the Saatchi and Saatchi Company, the biggest British-owned advertising agency, has been shelved. Nigel Grandfield, who resigned the chairmanship of McCann-Erickson to run SSI, is on the move again. He is setting up his own agency, Grandfield Ltd., in which Saatchi and Saatchi says it will take a minority stake, writes Michael Thompson-Noel.

At the same time, Saatchi and Saatchi is actively seeking an acquisition in New York. The Saatchi brothers, Maurice and Charles, are keen to diversify into the U.S. They have looked at numerous agencies in New York, but have not yet found one that suits. (Saatchi's pre-tax profits for the half-year to March 31 were 50 per cent up at £1.1m.)

Saatchi and Saatchi International reverts to its former guise of Roe and Partners under the chairmanship of Graeme Roe.

SSI will become a division within the main agency, co-ordinating international work. It will be run by David Welch, formerly international advertising manager at British Leyland.

Since the conversion of Roe and Partners into SSI, the latter has lost the Lesney and Farley accounts to Colman and Partners following the departure for that agency of ex-Roe managing director Paul Forster and creative director Paul Wilmot.

This is the second time Saatchi's international ambitions have been thwarted; an earlier attempt to form the nucleus of a European network came to nought.


Nigel Grandfield: peripatetic

BP considering 'large-scale corporate campaign'

BP IS SAID to be considering a corporate advertising campaign variously estimated to be worth £1m over one year or as much as £6m over three.

BP was coy yesterday, refusing to discuss its intentions, but a full-scale corporate campaign would be in line with policy at rivals such as Esso, Shell and Mobil.

In the spring, five London agencies were asked to put forward advertising recommendation, although the field bas now been reduced to one: Saatchi and Saatchi Garland-Compton. The others were Boase Massimi Pollitt, The Kirkwood Company, Foote Cone and Belding and J. Walter Thompson, which already handles BP's oil and domestic beating business.

BP is said to have made no firm decision. It has to be convinced of the oeed for such a campaign, and Saatchi's is to make a formal presentation to the board.

Saatchi's already handles the Dunlop corporate campaign. It is also in the running for a public awareness campaign on behalf of the Insurance Associations' Joint Council, wbicb represents the British Insurance Association and the three main life associations. Such a campaign could bill up to £4.5m over its first three years, although the Joint Council stresses that its appointment of Saatchi'a does not indicate a firm decision to advertise.

● RODWAY SMITH Advertising of Lnton says it has won more than £500,000 of European billinga, including Revell GmbH, Phillps of Eindhoven and Jurid. For Philips, the agency will bandle two international promotion projects: for Jurid, Germany'a largest manufacturer of friction matcrials for car and lorry brakes, a campaign to promote it as a leading anpplier of quality replacement parts.

Tetley Tea Folk move to Masius

LYONS TETLEY has split its tea advertising between two agencies, D'Arcy-MacManus and Masius and Ogilvy Benson and Matber. The Tetley brand, together with the Tetley Tea Folk, have moved in at Masius; Quick Brew goes to Ogilvy. The two brands bill more than £2m. The entire business was resigned by McCann-Erickson earlier this year.

Tetley Tea Bags is aaid to be the fastest growing brand in the tea bag sector.

The Tetley Tea Folk will not be pensioned off, but developed further by Masius as rivals to the PG Chimps. "The Tea Folk are a very strong advertising vehicle," says account director Kevin King.

The right product, the right price, and plastic bottles

BY MICHAEL THOMPSON-NOEL

Having ground down the coffee giants and built a £5.5m business in just 18 months, Copak Vendona is tackling the conservatism of the drinks market by selling wine in lightweight bottles

THE ALLEGED conservatism of the British drinks market is thought by some to be one of the costliest myths ln British marketing. At any rate, Copak Vendona is about to stir things up by selling wine in plastic bottles. Not any old wine. It is introducing a branded range of 100 per cent French table wines, La Villageoise Margnat (red, white and rosé), produced and bottled in France by the Societé des Vins de France (SVF).

Sales of this wine in France last year were approximately 63m litres, making it France's second most popular table wine. But plastic bottles? It's hard to see why not. According to the head wine buyer of the Mamoutb Valmante supermarket in Marseilles: "Wine in the lightweight bottle changed the wine huying habits of the French. Il's easier to carry, easier to store—and tbe convenience angle appeals to so many people that it's started a new trend in bulk buying." M. Amar, proprietor of a specialist wine shop in Marseilles, sells 330 bottles of La Villageoise Margnat a weck.

In any case, purists should realise that great tecbnical advances have been made in the development of taste-free, lightweight containers: pure mineral water has been sold in plastic bottles for years.

Cupak Vendona and its managing director, Brian Chapman, bave a fine track record when it comes to tweaking the noses of market majors. In just 18 months, Vendona instant coffee and drinking chocolate have achieved sales of £5.5m, thanks to some very adroit marketing, savage price-cutting and a value-for-money platform totally unsupported (ot least to date) by anything so conventional as advertising.

But plonk in plastic bottles? It's not plonk, says Mr. Cbapman, "it's o way-above-average table wine." Towards tbe late 1950s, the Margnat family extended their businesses by adding in cellars and other properties ln the Cbateanneuf-les-Martigues the Villageoise Margnat brand, first lntroduced in 1971, is produced aod bottled at Margnat Village by SVF, the leading national wlne negotiant, whlch has the blggest slngle share, more than 10 per cent, of the French wlne market.

In Britaio, the brand will be sold in 1½-litre and ¼-lltre bottles, the latter aimed particularly at the catering, airline and pub trades. The plastic bottle is only a fraction of tbe welgbt of a glass bottle, has a replaceable cap, sits neatly in a fridge door and ls much easier to grasp and pour from than a glass bottle of similar size.

Copak Vendona ls thus neatly lnsinuating itself between the bawks and the doves in the drinks controversy. In the cosler quarters of the drinks trade there is an lnexplicable notion that the Britisb tippler should be left serenely nursing his pint, that his tastes and outlook are so conservative that new drinks (and new drinking habits) take years to establish a hold.

Mnre radical observers like Martln van Mesdag, of Halliday Associates, point to the growth of lager, vodka and vermouth as examples of a market dynamism that puts Britain well ahead of countries like Germany, Italy and Belgium, although well behind the U.S. (In the U.S. a company called 21st Century has just launched a range of bottled wine cocktails in 14 markets; they come in Pina Caribe, Juanita, Sunset and Orange Twist varieties, if you please.)


"The response from the trade has been terrific," says Vendona's Brian Chapman. "We're so conservative over here that no one knows what they want until you give it to them."

Mr. van Mesdag has said that the British drinks trade ought to take a leaf out of the food manufacturers' book in offering the consumer increased convenlence aod added values. "Nowhere is tbls more obvious than ln the case of table wines —long term, the fastest growing sector of the drinks market. By lnternational standards, UK consumption of table wines is tiny. At the same time, the product offering in table wlnes is broader than in any other beverage."

According to Copak Vendona: "With hundreds of table wines originating ln eight or more different countries, the average consumer is totally baffled by a game of cholce in which there seem to be no rules and few guidelines. There is enormous opportunity to expand this market if the customer is given more guldance and stronger branding."

To start with, dlstribution will be via traditional wine outlets, but Copak Vendona hopes to achieve national distribution via tbe supermarket multiples by late this year. Tbe 1½-litre hottle will sell at under £3, the ¼-litre hottle at around 60p. "Some branding bas already worked well in tbe UK market," says Mr. Chapman — notably Hirondelle. "But people are still generally confused by wine. If the name and the image is lnstantly recognisable, a brand has everything going for it, whlch is why La Villageoise Margnat will be very heavily branded hy its label and its bottle. Tbere will be no advertising." The plaslic bottle means a big saving in cost: "What's saved goes lnto the quality of the wlne. The end result is very good value for money."

Value for money is what got the Copak Vendona bandwagon rolling in the first place. Brian Chapman was a young City coffee broker when he decided to enter the turbulent lnstant coffee market ln 1977 witb a new hrand that savagely undercut establlshed rivals and ground dnwn the coffee giants.

Foreseeing a massive price escalation in coffee, he test-marketed and introduced an eight-ounce pack of coffee and chicory, then a four-ounce pack. That was followed by a four-ounce jar of pure instant coffee which Sainsbury's launched at 98p against a ruling price for Nescafe of £1.38. The range now includes Vendona Brazilian Blend, Select Blend (a freeze dried instant coffee) and Vendona Drinking Chocolate.

He is still under-cutting his rivals, and Copak Vendona, which is tied in with S. Danicls, the Danoxa canned meat people, is making good profits. Apart from price and value-for-money, Vendona's big plus is sheer flexibility. "Large companies can take two years to get a new product on to supermarket sbelves," says Brian Chapman. "It cao take me as little as two months."

Vendona was fortunate thot its first pure instant coffee nack was accepted and launched by Sainsbury's. The chain remains a major Vendona customer, but its coffee and driokiog cbocolate are now available in most other big multiples, wholcsalers, co-operatives and groups.

It can be argued, says Brian Chapman, that Vendona was lucky with the right products in the right place at the right time at tbe right price, though he oeedn't apologise. You make your own luck, otherwise you don't build a £5.5m business as quickly as he.

Although he agrees that Vendona may bave to spend money on advertising eventually (something it has eschewed to date), he has reminded the marketing fraternity that there are other ways to build a brand than by relying on advertising. "It might be claimed that tbere is no leading brand today which could have achieved brand leadership without massive, consistent advertising back-up. Yet in nearly every mass market product category there are second and third braods wbicb have become significant because of appeals other than mass advertising: maybe price, presentation, or sheer value-for-money."

It's an attitude that has won him a clutch of good clippings: "The housewives' instant coffee hero," was the headline on one: "Rising coffee star to stick," added The Guardian (stick in the sense of joining what it called the "firmament of beverage manufacturers").

"Never take the easy line," he said this week. "If you're really going to compete you must be different. To my knowledge, wine in plastic bottles bas not been attempted in the UK before, certainly not nationally. I've met a lot of scepticism. People have said the market isn't ready for it. But the response from the trade has been terrific. We're so conservative over here that no-one knows what they want until you give it to them."

You might say he's about to join the firmament of the drinks trade.

Time set to pioneer new-style supplements

BY PENNY HOPKINSON

ONE OF advertising's biggest growth areas in recent years has been the international media. Irrespective of duwnturns in domestic economies, international publications have continued to thrive.

One of the innovators in this field, Time Magazine, is set to pioneer wbat it describes as a new concept in international supplements, centring on public relations advertising. With a new bound-in quarterly advertising aection on European business and finance, it is offering a specialised service for advertisers wishing to reach Time Europe's 365,000 primary subscribers.

The launch issue on September 10 is reviewing the European chemical industry, covering areas like drugs, fertilisers, fibres and textiles. In addition to normal display advertising, the section is carrying three pages of public relations advertising at an additional 25 per cent premium.

The first issue, wbich closed for advertising on July 5, grossed $250,000, showlng an initially favourable response from clients who included some of Europe's leading financial institutions.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Equipment market growth in U.S.

U.S. telecommunication markets are expected to grow about 50 per cent (constant dollars) by 1987, and equipment suppliers will be able to find profitable opportunities outside the battle between IBM and AT and T.

That is the conclusion of Arthur D. Little, which forecasts that 1987 equipment sales will amount to $19.3bn.

Digital switching equipment, both central office and PBAX, probably offers the biggest opportunity, because it is cheaper, more compact and has greater flexibility than analogue switching equipment.

The telecommunications user will continue to dictate the direction of an increasingly competitive market. Merging of data and communications technologies, abetted by the drop in electronic memory costs and rising business automation needs, will give users a huge array of service combinations and permutations from which to select.

Arthur D. Little, 25, Acorn Park, Cambridge, Mass. 02140, U.S.

Ensures message is heard

TELETRONICS IS building high-power intercoms to meet communications needs in many areas from offices and farms to factories, hospitals and other institutions.

VK-412A series offers users flexibility in putting together intercom systems to meet their specific needs—for it embraces systems as simple as two master stations connected to each other and systems with up to two master and 10 remote stations—with a multiplicity of permutations in between.

High volume power is provided making the equipment ideal for use in large rooms, lobbies, noisy factory or plant room environments, and outdoors.

Master stations are available with a choice of 10 or 30 watts power output; and the remote units available include loudspeakers with up to 10 watts input power.

These power ratings mean that there is little danger of an important message to a busy office, hospital ward or noise-filled machine shop being overlooked just because the intercom cannot be heard.

Features of the individual station units within the VK-412A system include: piano-key button controls; full talk-back facility on all remote units: an "all-call" switch on each master station that allows a simultaneous announcement to every remote unit; volume controls for both transmit and receive; and a station indicator on the master that shows which remote unit is calling.

Wiring is extremely simple—only two wires between master and remote; five between master and master. Operation is press-to-talk at the master station, handsfree at each remote.

Teletronics, 9, Connaught Street, London, W2. 01-262 3121.

● TEXTILES

Fibre has novel properties

The days are fast ending in which fibre producers merely can extrude and wind up, or cut, a filament yarn or make a staple fibre from say viscose, nylon or polyester.

Such is the general textile business situation that fibre producers are searching for and promoting new types of fibres which have been developed to exhibit specific properties.

With the nylons and polyesters, for example, different dyeing characteristics and non-static properties are among new attributes being chemically incorporated into their basic structures.

New polyester staple fibre has been developed in France by Rhone-Poulenc-Textile (British agent: Rhodia (UK), 7 Tib Lane, Manchester 2 4JX. Tel. 061-833 9817).

Fibre X403 is a bi-component structure, which means that it is made from two different basic polymers which combine with each other in the fibre and so bring to it special properties. In this instance it is produced as what is termed a bi-lateral structure in which the two elements are positioned side-by-side in the fibre. As the two polymers behave differently when the filaments are drawn after extrusion, there is an inherent three-dimensional and reversible crimp in the ultimate short staple fibre. This means that it behaves very much like wool.

X403 is produced in 1.6, 3.3 and 6.7 dtex and it is converted into cut staple suitable either for processing on cotton-type machinery as 40, 60, 90 or 120 mm staple or as a 50 Ktex tow in 3.3 and 6.7 dtex for use in the woollens and worsted section of the trade. It is an ideal fibre for blending with cotton or wool.

A noteworthy difference between this fibre and earlier types of polyesters is that it can be dyed to light to medium shades (even dark shades) with disperse dyestuffs in a bath at only 98 degrees C and without the need for carriers that normally have to be used as an aid to ensure the dyes will enter the fibre.

This advantage means a saving in products required, less heat consumption in the dyeing process, easier dye cycles and more even dyeing. There is finally less pollution because of a reduction in effluent generated. X403, however, may be dyed in the same way as ordinary polyester fibres, but it should be noted that it melts at about 225 degrees C, compared with about 260 degrees C for standard polyesters.

There is a reduced tendency to pill and the whiteness of the fibre is said to be "somewhat better than standard fibres."

It is claimed by the French company that X403 is the only commercially available polyester fibre which can be used for producing stretch fabrics from 100 per cent spun yarns and without the assistance of either textured filament or elastomeric yarns. What is more, cloths with a "cotton" or "wool" handle may be produced in this way.

The three main outlets for X403 as at present being actively developed are in normal every-day apparel where a degree of stretch gives both ease of wear and comfort with a modern "close fitting" look; for trouserings where stretch is required in the length and in high comfort suits.

Promoted as a "second generation" polyester X403 is now being actively evaluated for a number of other possible outlets which include waddings, felts, non-wovens and even carpet pile yarns.

● IN THE OFFICE

New force in word processor battle

ACTIVE IN the U.S. word processing market for several months, Digital Equipment Corporation, the world's leader in minicomputers, has officially launched into Europe, with three processors available immediately for Britain and two within a few months for the rest of Europe.

The move comes at a time when DEC's market analysts are anticipating that European companies will soon start to increase the amount of money spent on equipment backing the average office worker, from under £1,000 to as much as £5,000 per capita —obviously increasing the potentialities for word processing equipment sales.

Since the early 1960's, DEC believes, office efficiency has increased by only 4 per cent. During the same period, the notional European factory worker, with some £15,000 worth of equipment to back him up, has raised efficiency by 80 per cent.

But office costs now represent between 40 and 50 per cent of a company's total costs, wages in this area are going up by at least 6 per cent a year, and more and more administrative staff are being drawn in to provide the extended support management now requires to meet demands from government and the increasingly complex marketplace.

The three machines DEC will now offer in the UK are the WS78 stand-alone, the WS80 single/dual user and the WS200 multi-terminal unit.

Common to all three is ability to communicate to remote sites, data processing capacity and list processing functions.

Both the first two use dual floppy discs storing 125 pages of text per disc. The larger machine has a new storage medium which is the RL01 removable cartridge. This allows the WS200 to store up to 8,000 pages of text on four units at 2,000 pages per cartridge.

Several versions are available, running from the 224 which has two printers, four processing terminals and the controller and cartridge disc, up to the 248 with four printers—three of letter quality—and eight terminals.

Digital Equipment Corporation, Digital House, 252, Kings Road, Reading, Berks. 0734 583555.

● INSTRUMENTS

Will plot many traces

LATEST ultraviolet oscillograph from Bryans Southern Instruments, the Autograph 8, can accommodate up to 25 channels on eight inch chart paper.

Available paper speeds, all servo-controlled, range from one millimetre/sec to five metres/sec and to avoid wasting paper, especially at the higher speeds, a paper brake is fitted along with a recording duration control which allows the operator to pre-set the recording time.

To facilitate incorporation into complex measuring systems the recorder has full remote control facilities and automatic lamp start-up. An alphanumeric display is also provided which shows such things as the selected control settings and whether the paper supply is running low.

The usual options such as crystal controlled timing lines and trace identification are available, and the instrument is also supplied in a six-inch paper version with fewer channels.

More from Willow Lane, Mitcham, Surrey, CR4 4UL (01-640 3490).

Has wider applications

NEW VERSIONS of the Philips PV 8350 compact vacuum optical emission spectrometer offer an extended range of excitation possibilities, including inductively coupled plasma (ICP) and glow discharge.

Simultaneous measurement of up to 40 elements is possible with a variety of layouts to meet differing application needs is possible.

It may be delivered with a single excitation source, as a dedicated system for routine process or quality control testing. But, for more varied programmes, more than one source unit can be fitted — while a specially developed system of plug-in interchangeable excitation stands allow rapid interchange between different types of analysis.

Because special laser and precision gauge alignment techniques are used in its production there is complete instrument-to-instrument reproducibility. Thus the excitation stands can be supplied pre-aligned, and can be exchanged in less than one minute, without any adjustment.

Philips Gloeilampenfabrieken, TQ III-2, Eindhoven, The Netherlands.

Warns of dangerous winds

AUDIBLE AND visual alarms can be initiated in locations such as tower crane sites and open motorways when the wind reaches a dangerous level by making use of a unit offered by R. W. Monro, Cline Road, Bounds Green, London N11 2LY (01-368 4422).

Known as the 1A-613, the instrument uses a three-cup anemometer which generates an ac signal which is sampled and integrated every five seconds by the control box. The sampling frequency is designed to eliminate false alarms that might occur due to momentary gusts.

If the average wind speed exceeds the pre-set level, relays able to handle five amps at either 30 volts dc or 250 volts ac are energised and can be arranged to operate alarm devices or shut plant down.

Accuracy of measurement is to one mph in the range 15 to 40 mph, dropping to 2 mph from 40 up to 100 mph. A digital display shows either miles or kilometres per hour, to order.

● QUALITY CONTROL

Getting the right balance

IRD Mechanalysis (UK) has speeded up the performance of its balancing units to such a degree that, regardless of rotor complexity, they will solve two-plane balancing problems less than a second after data is entered.

The processor, which can be used with IRD or other balancing machines, eliminates operator errors. Data familiar to the industry such as rotor dimensions and configurations can be "touched in" in any sequence and answers are displayed on digital read-outs.

The read-outs show corrections in ounces, grams or static couple as well as vibration displacement in mils or microns. In addition, the 260 retains the unbalanced read-out information in memory, allowing the operator to select a different type of correction or plane of correction without having to respin the rotor.

The unit makes obsolete such things as calibration runs or trial weights, resolving multiple corrections automatically into one weight and displaying a complete system check which pinpoints errors and therefore reduces downtime.

IRD Mechanalysis (UK), Bumpers Lane, Sealand Industrial Estate, Chester CH1 4LT. Chester (0244) 374914.

● PROCESSING

Chillers can save water

SPEEDY BUT controlled cooling of many industrial processes in the chemical, food and plastics industries, is offered by air-cooled chillers in the Minac range made by Cole Equipment, 7 Airfield Way, Christchurch, Dorset (0202 486711).

Injection moulding of plastics is suggested as one example where, by shortening the cooling cycle, the chillers are said to improve productivity and also reduce the reject rates.

Since they use recirculating cooling water, adds the maker, the chillers also contribute to water conservation.

● CONSTRUCTION & MAINTENANCE

Reducing the cost of going up

THE AMERICANS have already shown a multi-million pound turnover from the aerial work platform business—now this is confidently forecast in the UK as a boom industry of the '80s.

So says Paul Adorian, managing director of EPL (International (Manor Way, Borcham Wood, Herts, 01-953 0171) whose big brother banker is John Laing.

Purely entrepreneurial, EPL is a marketing and sales orientated company, which has no intention of manufacturing machinery but has captured the talents of Armfield Engineering, known for its water turbines and water control equipment.

Armfield switched horses just over two years ago and, with its range of work platforms, aims to guarantee the duo organisation's claim of offering the widest range of aerial access machines under one banner in the world today.

Traditional concept of the telescopic boom used on a fire engine or by local authority street lamp maintenance gang is superseded by the day to day application of this equipment in the scaffolding industry, for access to high buildings for maintenance and construction, and, by its implementation, reduction of congestion on the ground, or hiatus to traffic flow in built-up areas.

All-British is the hallmark of the range, with safety as an inherent feature, plus promises of substantial economic savings in its application.

Range is called Alpha with working heights from 28 feet on a lightweight model, reaching to a heavy duty platform reaching 60 feet. Versions will be produced with a telescoping upper boom and, in addition to these truck mounted machines, there will also be trailer mounted platforms.

At the same time, EPL stable continues to offer its demountable work platform with vertically telescoping lower booms, the Condor self-propelled and truck mounted boom platforms and the Smith Mite-E-Lift scissor platforms.

New work-horses have been kept under wraps at the Boreham Wood factory so that their final field tests were carried out by members of the press and would-be users this week in the hallowed territory of the Rugby Football Union's ground at Twickenham.

Height and space were the essentials for the demonstration of American import, Moonshot, from Calavor Corporation of California with a reach of 150 feet (and first class aerial view of the Twickenham stand's roof) is unchallenged as the highest aerial work platform in the world.

DEBORAH PICKERING

● COMPUTERS

Two-speed printer

INK-JET printers which can operate at two speeds have been announced by the Office Products Division of IBM United Kingdom.

IBM 6640 Dual Speed Document Printer, an addition to IBM's Office System 6 range, offers print speeds of up to 184 characters per second (burst rate) and 92 characters per second (burst rate). The new dual speed printer has up to seven resident electronic type founts compared with the five available on the current document printer.

The dual speed 6640 enables users to increase processing capability by up to 45 per cent, depending upon how the job is set up, the type style used and the number of characters per page. It is primarily for use in situations in which high volume printing or large numbers of quality copies are required.

Ink jet printing technology used on both models of the 6640 creates images from tiny ink droplets directed electrostatically at a sheet of paper. Pitch, type styles, tabs, margins and spacing of the triple pitch machines are controlled electronically. Justified and unjustified text and different type styles may be mixed, all within the same document.

Current models of the 6640 can be field-upgraded to dual speed printers. First customer shipments of the new printers and field upgrades are scheduled for the first quarter of 1980.

IBM United Kingdom, P.O. Box 41, North Harbour (Baltic House) Portsmouth PO6 3AU.

● POWER

Will run turbines

ACCORDING TO Asmap Environmental Products there is no need for a skilled operator or an engineer to be in attendance at gas turbine power installations when the company's Temac 3 microprocessor-based system is used.

Having only a pair of push buttons, a key-operated master switch and an emergency stop button, the unit will automatically deal with the start, run and emergency modes of operation, with special routines for hot starting and some other functions. A very fast over-speed cut-out is incorporated.

In remotely controlled gas turbine equipment, control signals can be sent over a two wire system and no critical adjustments (mechanical or electrical) are required. For power generation or pumping applications in industry, automatic frequency control, automatic pump priming and flow control can be incorporated and it is also possible to select one Temac control as the master in a multiple system.

In fire-fighting, oil-rig, military and disaster situations the control allows electrical power generating gas turbines to be helicopter-dropped and used quickly by inexperienced personnel.

More from the company at Unit 1, Dodnor Industrial Estate, Newport, Isle of Wight (0983 524393).

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Brief details to
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IMPORTER/EXPORTER wishes to buy similar company, turnover up to £250,000, preferably but not necessarily handling precision tools or similar. Write Box G.4141, Financial Times, 10, Cannon Street, EC4P 4BY.

ACQUISITIONS LISTED COMPANY

Our client, a listed company, seeks acquisitions in the fields of the leisure, service and retail industries. Candidate companies should be well managed, have a satisfactory track record and be achieving profits of between £150,000-300,000 per annum before taxation.

Principals only contact:
R. F. Monk, FCA
SETAS INVESTMENTS LIMITED
Merchant Bankers
128 Mount Street, Mayfair W1Y 5HA
Telephone: 01-408 0142

APPOINTMENTS

INTERNATIONAL OPPORTUNITIES

We are an American manufacturer of unique surgical instruments and patient handling systems. Our substantial growth in overseas sales has generated a need for additional staff at our world headquarters. Willingness to relocate to U.S.A. for one to two years essential.

MARKETING SPECIALIST

Responsibilities will include assisting management with new product introduction, analysis of special operations, product training for overseas representatives and preparation of technical literature for foreign customers.

Successful candidates will have the following qualifications:

- Recent business study qualification at advanced level.
- Ability to effectively communicate at a technical level in one or more foreign languages.

Willingness to accept limited overseas assignments.

ADMINISTRATOR

Responsibilities will include preparation of quotations for overseas sales, customer contact with other U.S. exporters and turn-key operators, complete documentation of export transactions, interpretation and documentation of complex repair and service orders.

The successful candidate will have the following qualifications:

- Experience in a similar position working in an international environment.
- Recent business study qualification at advanced level.
- Ability to effectively communicate at a technical level in one or more foreign languages.

Investigate these challenges in complete confidence: please reply with résumé and salary history to:

An Equal Opportunity Employer M/F
STRYKER INTERNATIONAL
420 ALCOTT STREET
KALAMAZOO, MICHIGAN 49001 U.S.A.
ATTN: EMPLOYMENT SUPERVISOR S. EDWARDS

Director
North American Property and Casualty

The company A medium size Lloyds broker of repute developing rapidly with a young management team.

The position Responsible for the further development of a North American property and casualty business from a substantial existing base. Additional responsibilities are envisaged after an initial period.

The person Suitable candidates will be persons of stature and established reputation in this market. Salary and benefits will be such as to attract an experienced broker and will not be a limiting factor.

Write or telephone Don Gardiner in confidence. No information will be disclosed to our client without prior approval.

D. GARDINER ASSOCIATES
Executive Appointments
2nd Floor, Morley House,
26 Holborn Viaduct, London EC1A 2BP.
Telephone: 01-353 1884 or Cuffley 4011 (evenings and weekends).

Project Finance

The General Electric Company Limited has a vacancy for a law or economics graduate to join a small team specialising in Project Finance at its Head Office in London.

The successful applicant will work on the export finance arrangements for tenders by GEC Group companies for capital goods projects overseas.

Previous experience in buyer credit procedures including negotiations with ECGD and Finance Houses is essential. Some knowledge of contractual and commercial work in the engineering industry would be an advantage.

Applications are invited from men or women who should send full career and personal details to:

J. N. Scott, Director of Contracts,
The General Electric Company Limited, 1 Stanhope Gate, London W1A 1EH.

GEC

WANTED: Slightly Used Executives

Industry's biggest current need is for seasoned, mature executives in their 30s, 40s and 50s. Chusid clients have proven that these are the most productive and rewarding years of their lives.

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SENIOR INTERNAL AUDITOR

c. £8,500 + car EW1

Our client, an international Engineering and contractors group, are seeking to recruit a dynamic young Accountant for their Internal Audit team. The successful candidate will report to the Internal Audit Manager and be responsible for operational audits throughout the South East (mostly daily travel). Applicants should ideally be graduate accountants who are looking for an early opportunity to be promoted into Line positions

Please telephone quoting ref: FT0570

DUNLOP AND BADENOCH (Agy.)
31 Percy Street, W1 01-323 0886
25 Lime Street, EC3 01-623 3544

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SALES EXECUTIVE

FINANCIAL WEEKLY is seeking a self-motivated sales executive to sell financial advertising to a wide range of public companies. The successful applicant must be able to deal with people at senior level. A keen interest in the stock market would be an advantage.

Negotiable salary: other benefits include a company car, pension scheme, free life insurance and bonus.

If you would like to grow with this successful financial weekly, please write or telephone:

Brian Coleman-Smith, FINANCIAL WEEKLY, 9 Holborn, London EC1N 2LL - 01-405 7254

JOBS COLUMN, APPOINTMENTS

Start on the right lines—Company brokers

BY MICHAEL DIXON

WHAT would you think is definitely not necessary as a qualification for the managing-directorship of Hong Kong's Mass Transit Railway, whose first stretch of line will start operating in October?

Previous experience of running transport services such as railways, that's what. Why has not been disclosed to me. But since the MTR has to be a rare exception in running at a profit, the reason may be that the Hong Kong Government, which owns the enterprise, shares my suspicion that working in railway organisations has an undesirable effect on the human psychology.

The effect is to destroy any sense of what might be a worthwhile, and so potentially profitable, service to offer the customers in return for their money. And the last time I was confronted by this peculiar psychosis was a few weeks ago on London's King's Cross station.

There was no questioning the commercial efficiency with which the ticket clerk exchanged my travel warrant for a first-class return to Leeds, priced at £32.90. Thereafter, however, the service declined.

Somehow someone had carelessly provided the Advanced Passenger Train with only two first-class carriages for what seemed to be at least two and a half carriages' worth of people with the appropriate tickets.

Now, I would not be so unreasonable as to expect another carriage to be fetched just to provide me with a bit more room in which to do the preparatory work for my visit to Leeds University. But if I had to travel second-class, I didn't see why my employer should pay the considerable first-class premium on the fare.

I put the point in a friendly way to the guard of the train. He said that he could do nothing for me but, if I could not find anyone else on the station who could help, then I should go straight back to him. The usefulness of this assurance was at best metaphysical, of course. But I am sure that the statement was well meant.

The same was not true of the condescensions of the clerk at the information desk, to whom I next politely put my point of principle.

He ruled that what British Rail had sold me for the £32.90 was not a seat on a train, but only a ticket. There was no appeal from this ruling, he added. If I were so impertinent as to try to complain to anyone else, I would simply be referred back to him.

It seems, therefore, that BR's concept of a due service to its paying customers is the guarantee merely that railway staff will refrain from actively preventing them from finding their way by train, if they can, to the place named on their ticket.

True, this is a principle which can work commercially in certain circumstances, some of them legal. For example, my sons used to apply it years ago by selling me, in return for extra pocket money, the guarantee that they would not make spectacular trouble for the baby-sitter.

Whether Sir Peter Parker has the same view of the service which he heads and is expensively trying to market, I do not know. But if his view differs, then the first person he needs to argue with is the omnipotent official at King's Cross (I would gladly go along and introduce them to one another).

Pending such a clarification, however, the principle behind the British Rail service must surely be assumed to be as I have described it. And it is not the sort of automatic loss-ensuring attitude that the Mass Transit Railway could afford to have lurking in its new managing director, who will take over from Dr. Tony Ridley as the line enters service, partly ahead of schedule.

Responsible to executive chairman Norman Thompson—a chartered accountant to whom the MTR's finance director is also immediately responsible—the newcomer will head about 1,800 employees of different nationalities either running the service or constructing extensions due to start operating within the next couple of years. There is some possibility that the service will eventually be integrated with Hong Kong's surface tramways.

In immediate support will be directors for operations and for engineering, the personnel chief, and an adviser for light rail transit.

The prime need is successful discharge of responsibility for profits as a general manager in a big, capital-intensive service-industry concern. Experience of negotiating at a high level should include dealing with financial institutions. Candidates who have been managers of operations employing people of mixed nationalities would have an advantage. And managerial work in business which is physically extending as well as being a going concern would no doubt be helpful, too. The age indicator is 40-50.

Provided that applicants have fluent English and are culturally transferable to the conspicuously free-market hustle of Hong Kong, it matters little where they come from.

Salary, in UK terms, will be around £30,000. The maximum tax rate is subject to some contention: one school of thought puts it at 15 per cent; I have been assured that the rate usually works out at 16.5 per cent. But it is scarcely onerous either way. Benefits include accommodation allowance, car and driver, help with children's education costs, and so on.

Telephoned inquiries to Michael Egan of PA Personnel Services, on 01-235 6060. Written applications outlining relevant attributes to him at Hyde Park House, 60a, Knightsbridge, London, SW1X 7LE; telex 27874.

Chesham pair

FINDING THE right seller on behalf of people who want to buy a business is relatively straightforward, since the would-be buyers usually know broadly what they want. But finding the right buyer for someone who wants to sell a business is a searching and sensitive task. Or so I am told by John Harrison, a director of the business brokers Chesham Amalgamations and Investments, which is seeking two additions to its team of a dozen go-betweens.

One will be concerned with the Birmingham area, and the other will extend Chesham's coverage of London and the Home Counties.

"This work is not just a matter of financial skill," said Mr. Harrison, after pointing out that only one of the present team is a trained accountant. "Obviously we want basic balance-sheet awareness, but we can train people to read accounts with the necessary depth.

"Probably the best background is in selling commercial services of the kind that are bought by main-Board directors in a good many companies. We want staff who are demonstrably capable of working on their own, and whose personality expresses trustworthiness, because this is a very confidential business.

"The main skill, when it comes to the selling of a company, is to be able to put oneself in the place of a potential buyer and make an appreciation of the character of the business and its managers. You might say that you need to understand, not just accounts, but also accountants."

A preferred age range of 30-40 was quoted by John Harrison. But although he said that earnings, including a bonus on results, could be expected to exceed £12,000, he did not specify how much would be salary. Accordingly, the Jobs Column will estimate the salary element at £10,000 or thereabouts. Perks for negotiation.

Applicants should telephone persuasively to Philip Lovegrove, the managing director of Chesham Amalgamations and Investments, on 01-235 4551. Written applications in the same vein can be sent to him at 36, Chesham Place, London, SW1X 8HE; telex 917229.

INTERNATIONAL AUDIT

Age 23-27 **£ negotiable**

A major North American Bank is in the process of expanding significantly its International Audit Division. This will necessitate the appointment of two ambitious young Bankers who seek a long-term but progressive career in one of the world's leading Banks. A substantial amount of world-wide travel will be an integral part of the job, and preference will be given to Candidates retaining single status. Applicants will have a minimum of three years' general banking experience, and have attained or made considerable progress towards the Banking Diploma.

These positions would be particularly attractive to graduate/management trainees from within one of the Clearing Banks.

Salaries are fully negotiable, and fringe benefits include mortgage facility, profit sharing, BUPA, n/c pension scheme, and expenses while abroad.

Please telephone, in confidence, Mark Stevens.

BANKING PERSONNEL
41/42 London Wall London EC2 Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

International Managing Director
Hotels

Controlled by British interests, the group is based in Spain and has been noted for the excellence of its services for some years.

A successful, multi-national management team exists and will respond to a strong leader. Profitable growth and the devising, implementing and co-ordinating of sound international policies comprise the role. Negotiations at Government level must be expected.

Extensive, high-level experience of international hotel management in many centred situations is essential, plus a total command of English. Contacts with major airlines or travel companies would be of interest. Preferred age 40/45 years.

It is unlikely that any executive currently earning less than £20,000p.a. will possess the appropriate experience for this appointment. A total remuneration package will be designed to meet the personal situation and, naturally, relocation expenses to Spain are available.

In strictest confidence, please write to the company's special adviser, P J G Rolandi, *Chairman*, (Ref; 969B)

Alliance Management Consultants Ltd.
84-86 Baker Street, London W1M 1DL
Tel: 01-487 5761 (24 hours)

Alliance

MANAGING DIRECTOR

A significant Brewer, subsidiary of a large and successful British Group, wishes to appoint a Managing Director to take charge of one of its operating companies in the North of England.

The Managing Director would be profit responsible for a fully integrated business unit including Production, Marketing and Distribution. Sales are made through a large number of owned public houses, to Free Trade customers, and to other Group companies.

Competition is severe and essential facets of the role are to ensure the reputation of the beer, to optimise the utilisation of production capacity, to increase sales through a high quality sales force and good tenants, to improve the industrial relations environment, and cost control.

Broad general management experience and a high level of professionalism gained in well managed companies would be prerequisites for the performance of the role. The successful candidate need not necessarily have a brewing industry background although clearly this would be advantageous. Applicants should ideally be between 35 and 45. Remuneration will be commensurate with the seniority and considerable importance the company attaches to this appointment.

All replies will be treated in the strictest confidence, and should be addressed to The Corporate Consulting Group, 24 Buckingham Gate, London SW1.

CCG
Corporate Consulting Group

COMPANY SECRETARY

Part of a major international group, our client is one of the U.K.'s leading food groups, with a turnover around £130 million.

They now seek a Company Secretary who will be responsible for all legal, statutory and property work within the group as a whole, including that of subsidiary and associate companies.

The position is based at group headquarters in Central London, but periodic travel to the Company's many locations throughout the U.K. will be required.

Candidates, male or female, should be Chartered Secretaries with several years' experience with a major company, ideally in packaged consumer goods. A sound knowledge of all aspects of company law and previous experience in property administration are both essential. Equally important is the creative and commercial ability to contribute to the future development of the group, as the Company is poised for further significant growth and expansion. Probable age range is 32-45.

Basic salary is negotiable around £8,500, but total remuneration is likely to be in the five figure bracket. Naturally, a car and the usual fringe benefits associated with a major progressive company are also included.

Please telephone for an application form or write in confidence to:

VINCENT LYDDIETH
PERSONNEL SELECTION

Personnel Selection Limited, 46 Drury Lane, Solihull, West Midlands, B91 3BJ.
Telephone: 021-705 7399 or 021-704 2851.

Orion Bank — Five figure salary

International Investment Management

Owing to the expansion of our discretionary management services we are looking for an investment manager in his/her late twenties/early thirties with previous experience to join a team of international investment bankers and to be responsible to an Investment Committee, who are members of the Board, for:—

Management of fixed and floating rate investments, denominated in freely convertible currencies.

He/she will help to formulate and subsequently implement investment strategy for international clients, market investment proposals, administer and monitor portfolios and supervise, train and develop administrative/accounting assistants.

Applicants should have proven experience in the U.K. or the Continent with a financial institution that specializes in investment management in the fixed interest international markets. Given the personality and technical skills, a unique opportunity for rapid advancement exists. The package includes house loan at preferential interest rate, medical and accident insurance, non-contributory pension and luncheon vouchers.

Applications, which will be treated in strict confidence, should be accompanied by a curriculum vitae, and addressed to:

The Personnel Director,
Orion Bank Limited, 1 London Wall,
London EC2Y 5JX
Tel: 01-600 6222

ORION

Stockbroking Oil Analyst
£7,500 to £15,000

Our client, a broad-based, medium-sized firm of high repute, seeks an experienced analyst to take over responsibility for its research coverage of the Oil sector and, with back-up from an assistant, to work closely with its specialist salesman.

The successful candidate is most likely to be a graduate, aged 27-35, with at least three years' investment research experience, knowledge of the Oil industry, concise written ability and good communicative skills.

The position should appeal to an ambitious individual who now seeks the opportunity to play the key role in the development of a specialist team with the scope for personal achievement and partnership prospects.

Please contact F.J. Stephens who will treat all enquiries in the strictest confidence.

Stephens Selection
35 Dover Street, London W1X 3RA. 01-493 0617
Recruitment Consultants

INVESTMENT ANALYST—
FIXED INTEREST
(EDINBURGH)

The Life Association of Scotland Ltd. is seeking an Analyst to join its small investment team.

The successful applicant will be aged under 30 years with a degree or professional qualification and have had 2-3 years experience of the UK Gilt and Fixed Interest Markets. He/she will be expected to make a positive contribution to the management of the portfolio at an early stage.

The Salary will be competitive and commensurate with qualifications and experience. The usual fringe benefits associated with a Life Assurance Company will apply.

Please write giving details of Education and Experience to:

J. Innes,
Staff Manager,
The Life Association of Scotland Ltd.,
10 George Street,
Edinburgh EH2 2YH

GRACE

W. R. Grace is e major U.S. international group. The European headquarters company for its Technical Products Group need e high-calibre

FINANCIAL ANALYST

to join a small headquarters financial team.

The main emphasis of the job will be on the analysis of investment projects and acquisitions, plus special studies across a wide range of business problems.

The analyst will also participate in the preparation of the budget and long-range plan. The job offers a challenging opportunity to work in a successful major multinational.

We seek a 24-30-year-old MBA, with a flair for analytical work and a firm grasp of accounting principles. We prefer someone with one to three years' experience in the manufacturing industry but would also be interested to hear from exceptional MBA candidates graduating from business school this year.

Please send your application with a curriculum vitae and salary requirements to or call for further information:

GRACE INDUSTRIAL CHEMICALS, INC.
Personnel Manager
P.O. Box 2872, CH - 1002 Lausanne
Tel. (021) 20 44 71

Managing Director-Commodity Trading
Five figure earnings

A long-established commodity trading company with particular involvement in the cocoa and coffee terminal markets is planning further expansion. A Managing Director is therefore required who will be responsible to the Board for developing current business, which is largely with overseas clients, and for expanding into new areas of activity. Candidates, probably in the age range 35-40, should have a sound record in commodity trading — not necessarily related to cocoa or coffee — and need to be accustomed to market operations. Salary is widely negotiable in excess of £15,000 plus a performance-related bonus plus car and pension scheme. Location: City of London.

PA Personnel Services Ref: GM34/6974/FT.

Director-General
International Mohair Association

This is the first appointment of a permanent full-time official for the IMA. Founded some six years ago, the Association represents a world-wide membership covering the whole spectrum of interests including growers, combers, spinners, manufacturers, dyers and finishers of mohair and allied products. The Director will be expected to influence, implement and promote the policies of the Council both internally, within the product sector groupings, and externally, to governments, associated textile trade associations, the media and the customers. The post demands either industrial or trade association experience covering commercial and legal matters on an international scale, together with administrative and communicative ability of the highest order. Candidates should ideally have a textile background, be able to converse in at least one European language other than English and be prepared for frequent overseas travel. Salary is negotiable above £12,000 plus car, usual fringe benefits and relocation assistance.

PA Personnel Services Ref: GM33/6967/FT.

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

A member of PA International

Financial Controller
Middlesex — c. £14000 plus car

A successful private company, with diverse interests in the food service industry, has entered a period of rapid, but controlled expansion, aimed at a growth rate of 25% on present turnover of £10 million.

They now seek a Financial Controller, who will report directly to the Managing Director for the total accounting function, with a particular emphasis on effective cost control and analysis systems.

The right person will be able, as a member of the Board of Management, to make a direct and dynamic contribution towards the achievement of the company's ambitious plans with prospects of directorship in the medium-term.

This represents a rare opportunity for a qualified and seasoned professional, probably in his or her mid-30's, who has a first rate track record and the ability to motivate a team of some 30 staff.

Our client is determined to attract an outstanding person, and hence salary will be no limitation. Other benefits include a company car and generous assistance with relocation costs.

Please send full personal and career details in confidence to Mr. W. J. Stanton, Director, Austin Knight Limited, London W1A 1DS.

Applications are forwarded direct to the client concerned, therefore companies in which you are not interested should be listed in a covering letter.

AK ADVERTISING

Accounting Manager
Middlesex **c.£9,500+car**

A major subsidiary of one of Britain's largest groups, with an enviable record of expansion, has created an opportunity for a positive, self-assertive and forward looking Chartered Accountant.

As Accounting Manager, you will control the financial and sales accounting, its direction and further development. Supported by a large staff you will be responsible for timely and accurate reporting and establishing operational priorities.

Aged 30/35, you will have trained with a large firm, have several years commercial experience and the capacity for future promotion in a financial or general management sphere. Relocation assistance will be given if necessary.

Contact: David G. Nevin on 01-405 3499 quoting reference DN/157/EDF

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA — 01-405 3499

Jonathan Wren · Banking Appointments

TRAINEE CREDIT OFFICER — **PARIS**

Our client, a well-established international bank, offers an interesting career opening to e greduate banker aged 22-26 years.

The successful candidate will be appointed for a two-yeer period to the bank's Head Office in Paris, engaged in bank relations activity, and on return will join the Corporate Lending Team based in London.

Candidates – native English speakers with a knowledge of French – should have a minimum of two years' banking experience including some knowledge of Credit analysis.

Please contact: BRIAN GOOCH

FOREIGN EXCHANGE — **BIRMINGHAM**

At the Birmingham branch of a major international bank there is a challenging opportunity for a young A.I.B. interested in developing his or her career in Foreign Exchange.

Applicants, aged in their twenties, should have experience in credit analysis and, if possible, charged securities. Equally important is a good understanding of Foreign Exchange procedures and a particular interest in that field. A Grade IV clearing banker could well be suitable. The successful candidate will be trained to take eventual responsibility for the branch's Sterling and Foreign Exchange funding operations. In the early stages there will also be involvement in the branch Securities and Credit areas. The salary/benefits package will attract an ambitious banker and the prospects for career development are most attractive.

Please contact: KEN ANDERSON

First Floor Entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

هكذا من الأصل

هكذا من الأصل

Chief Executive

Scotland — Merchant Banking

An experienced Merchant Banker or well known industrialist is required as full time Chief Executive for a small but expanding merchant banking operation in Scotland which is backed by several well known institutions. The ideal candidate will be aged 35/50, with recognised banking, law, accountancy, or other relevant qualifications and experience of corporate finance, banking and investment management. He or she must possess the standing and personal reputation required to build upon our client's already sound and growing business. The rewards include a high basic salary, equity participation, car, pension and life assurance schemes, and generous assistance if required with costs of relocation.

(PA Personnel Services Ref: GM50/6972/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, Knightsbridge, London SW1X 7LE. Telephone: 01-235 6060. Telex: 27874.

A member of PA International

Contracts and Finance

Capital Goods

Greater Manchester, c. £10,000 + car

This is a key appointment within a capital goods manufacturer having a £30 million turnover. Reporting directly to the Managing Director, the successful candidate will have a promising future, be involved in important decision making, and be part of a management team which is dedicated to improving the efficiency and profitability of the company. Responsibilities include preparing and negotiating contract conditions and terms of payments for sales and purchases and the negotiating and organising of associated finance and insurance arrangements. Contracts, of which a large proportion are overseas based, vary considerably in size upto £10 million. Candidates should be educated to degree standard, preferably including contract law as a main subject, be prepared to travel overseas and have had a number of years experience within an engineering contract environment. The ability to negotiate forcefully at the highest level is an essential personal quality.

G. Sable, Ref: 29245/FT.

Male or female candidates should telephone in confidence for a Personal History Form to:
MANCHESTER: 061-236 8981, *Sun Life House, 3 Charlotte Street, M1 4HB.*

Hoggett Bowers
Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on 10th July, 1979.

Job Title	Salary	Location	Advertiser
Management Accountant	£7,500	Sussex	Bowater-Scott
Financial Accountant	£6,500	Worthing	Euromedical Industries Ltd.
Various	£4,000-£8,000	Various	Bee Professional Staff Ltd.
Financial Controller	To £9,000	West End	Robert Half
Financial Analyst	£8,000	C. London	Robert Half
PA to Director	£8,000	London	Robert Half
Audit Manager	£18,000	Saudi Arabia	Chemsult
Capital Asset Controller	£13,500	Saudi Arabia	Chemsult
Senior Auditor	£15,000	Saudi Arabia	Chemsult
Accountants	—	London	Josolyne Layton-Bennett & Co.
Lectureship in Finance/Accounting	£4,232-£8,452	Manchester	Umist
Senior Accountants	£10,000 +	Saudi Arabia	IPS Group
Various	£7,000-£11,000 + Car	Various	Richard Owen Associates
Assistant to Group Finance Manager	£8,000 + Benefits	London W1	Extel Recruitment
Assistant Financial Accountant	£6,000	Wiltshire	Thorn Television Rentals Ltd.
Accountant	£7,500	Twickenham	Dunlop & Badenoch
Qualified Accountant	—	Oxford	Timbmet Ltd.
Accountant	Up to £8,500	London based	MSMS International Ltd.
Tax Assistant	£7,000 +	London based	MSMS International Ltd.

For full details please see the F.T. of that date or telephone Sally Stanley on 01-248 5597.

Financial Controller

London – City
£15/20,000 p.a.

This new appointment to the UK division of an international shipping corporation is in anticipation of a major growth programme. The incumbent will play a key role through financial planning and control and liaison with the corporate finance body of the parent company.

Reporting to the managing director responsibilities will include long and short term planning, all routine accounting and the E.D.P. function.

Candidates, ideally aged 30/40 must be qualified accountants with extensive experience of capital appraisals, management accounting and the application of E.D.P.

Write in confidence, quoting reference 1600/IL, to E. W. Cornford, Peat, Marwick, Mitchell & Co., Management Consultants, Executive Selection Division.

165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.

Peat, Marwick, Mitchell & Co.

PORTFOLIO MANAGEMENT BANKING

Age 28-40 — **£ negotiable**

A well-known International Merchant Bank wishes to appoint a person who will be responsible for managing clients' portfolios.

Sound judgment of investment situations is the first requirement, with a special emphasis on fixed interest markets and Eurobonds. It is anticipated that the successful Candidate will also be familiar with the London and the International investment markets.

In terms of personal qualities, the appointee should be able to meet and assess people and also be able to sustain complete credibility in this specialised field.

A knowledge of French and German would be helpful. A fully competitive salary will be negotiated, and the usual range of benefits apply.

Written applications should be addressed to

Rod Jordan, A.I.B. (General Manager).

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

YOUNG FINANCIAL MANAGER

ESSEX — **Emoluments circa £9,000**

This challenging and progressive key management appointment within the Finance function of one of the major prestige marketing orientated U.K. multi-national groups calls for a young, ambitious, commercially orientated accountant of the highest calibre with management capability.

While maintaining close working relationships with senior management within all divisions of the group you will be responsible for a wide range of varied and stimulating financial activities encompassing the determining of operational and performance standards to meet Finance Division objectives. With wide latitude for initiative and creativity you will also be expected to contribute significantly towards the continued development of E.D.P. systems, procedures and controls in a sophisticated environment.

Applicants of independent and positive thought, drive and enthusiasm, should be Qualified Accountants aged 25-30, have a high level of administrative and organisational ability be effective communicators, and be capable of controlling and motivating a large staff.

Terms and conditions of employment are exceptional and include a generous pension scheme, life insurance, medical cover and four weeks holiday. Assistance with relocation expenses is given where appropriate. Future prospects within the Group, both in the U.K. and overseas are excellent. For further details telephone immediately quoting Ref: 3226.

allan cameron associates ltd
International Management Recruitment Consultants
Manfield House, 376-379 Strand, London WC2R 0LR — 01-836 4214

MILLS & ALLEN COMMUNICATIONS

Marketing/Commercial Manager

£10,000 plus a car

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- market our new range of software products (the emphasis here on user-friendly mass computing)
- assist in the development of business plans for existing and new areas of activity.

We are looking for someone in their late 20s early 30s with strong commercial experience in a service industry, who can contribute to, and grow with, the company's growth during the next few years.

Applications please to Sue Morris, Group Personnel Manager, Mills & Allen International, Broadwick House, Broadwick Street, London W1V 1FP. Tel: 01-439 9541.

International Trader

Senior Director Designate

Food Product Raw Materials — Based Kent

Our client, a well established and respected Produce Importing company, supplies U.K. food manufacturers with a diverse range of raw materials and ingredients of world wide origin.

They are wishing to appoint an International Trader/Senior Director Designate who is likely to be in his/her thirties/forties and have a successful track record in buying and/or selling raw materials to the food industry. It is essential that applicants are aware of EEC trading requirements and have a working knowledge of food product transportation procedures.

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Write in strict confidence, quoting ref. JES/T, giving career details and past experience or telephone John Sussdand on 04862 67686 any evening between 7-9 p.m.

ML associates
Recruitment Consultants, 16 York Road, Maidenhead, Berks. Tel: 35278/21217

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Please write to or telephone: Keith Crowley, Director, Britannia Trust Management Ltd., 3 London Wall Buildings, London Wall, London EC2. Tel: 01-588 2777.

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Contact Marion White
Personnel Assistant

Stewart Wrightson Assurance Consultants

Stewart Wrightson Ltd
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Church Grove
Kingston-upon-Thames
Tel: 01-977 8888

TRADE FINANCE MANAGER

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LJC Banking Appointments
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Write with full details of experience and qualifications to Mr. D. Ramsey, Personnel Manager, Colgate-Palmolive Ltd., 76 Oxford Street, London W1.

Colgate-Palmolive

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Director of Personnel
(EVN/4/79)
UNWRA HEADQUARTERS (VIENNA)
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LOMBARD

A stick for the Thatcher carrot

BY ANTHONY HARRIS

A READER—clearly a senior manager — complained in a recent letter to this newspaper that the coming pay round would be unusually difficult. He explained, in a liberal spirit, that the cuts in high tax rates in the budget would raise his income by a sum bigger than the weekly pay packet of most of his employees. It would be hard in these circumstances to ask for moderation.

Our reader is clearly one of those who can find a cloud to fit any silver lining, but he has a point. The leaders of the Transport and General Workers' Union would agree from the other side. However, if this does prove to be a problem, it is hardly an insoluble one. The trouble is that the solution has become almost unthinkable in recent years.

He could take a pay cut.

One can imagine the scene. "Gentlemen, times are hard. Our overseas competitors are taking our markets. Luckily the new Government has decided to cut my personal tax bill by £10,000. In view of our problems, I have decided that this sum should be ploughed back into the firm to protect all our jobs. I am going to reduce my own salary by £10,000, and the rest of the Board will do likewise.

"Now, if we could start discussing your pay claim . . ."

Not a dry eye round the table—except, perhaps, that of an alert negotiator who has noticed that the managing director is still quite comfortably better off after his pay cut.

After some years of inflation, the idea that incomes can go down as well as up seems to have been forgotten; but it is important not just in imaginary pay negotiations. In a sense, it is the missing, unmentioned factor in the whole Conservative strategy.

Mrs. Thatcher was elected on a slogan of restoring incentives, but no one was tactless enough to ask just what the incentives were for. They are, of course, the reward for running risks, but risks were not in the programme. Subsequently the Budget, and the consequent rise in sterling, has quietly restored risk as a very real factor in many industries. Some managers who do not face up to the question of whether they are actually earning very large rewards are likely to finish up with no rewards at all, in charge of bankrupt firms.

What some firms need is not so much pay restraint, even on the part of management, as new managers. One of the theoretical reasons for high managerial pay is as compensation for personal risk. The main risk is supposed to be that of losing your job.

This is another idea which has grown mouldy with disuse, as has been realised by the Pay Research Unit which fixes salaries for civil servants. They make no very visible allowance for the greater job security of civil servants, for the good reason that job security in the private sector has become pretty impressive too.

Incompetence

This has not only happened in Britain. It is an American who has enunciated the Peter principle, that everyone gets promoted until he reaches his personal level of incompetence, where he sticks. This probably has something to do with large companies, and the widespread success of businessmen everywhere in reducing the reality of competition.

Of course, the idea that incompetent managers may be demoted or sacked is the unpleasant side of Mrs. Thatcher's idea of incentive, just as much as the notion that pay might go down if profit goes down.

But is it plausible to imagine either thing happening? If it is to happen, we will clearly need effective competition—and a strong pound is not a general substitute for a competition policy, because it brings serious pressure to bear only on manufacturers. Even this is not enough; we also need someone to do the actual sacking or demoting.

This job has been largely neglected in this country (except after take-overs) since shareholders as a class went to sleep during the war, though it is still carried out with some enthusiasm by bankers in Germany and Japan.

In Britain in the 1980s it is not going to be as easy as might be imagined to create a world in which Mrs. Thatcher's ideas of risk and reward would really operate.

A Greek banker's Odyssey

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

ULYSSES, whose cunning opened the gates of Troy, was not too proud to escape from Polyphemus by clinging to the belly of a ram. After his trials, he retained enough strength for a comeback as King of Ithaca after an absence of 20 years.

In many respects Homer's epic still provides a key to understanding the contemporary Greek scene where Professor Stratis G. Andreadis, a prominent Greek banker and businessman, is back in court. This time he is there as accuser trying to obtain a declaration that the so-called 1976 Law against Andreadis, which gave the Government control over his financial empire, is unconstitutional. He also claims damages for the undervaluation of new shares issued under this law. A similar action brought by him a few years ago was dismissed and the time for appeal has lapsed. Professor Andreadis cannot, therefore, pursue the matter in his own name. Instead, he has put forward as plaintiffs some of the companies which he still controls. The prize which he is trying to regain is a group including five banks, two shipyards, three insurance companies, the Athens Hilton hotel, a fertiliser plant, fruit canning factory and lesser enterprises.

Professor Andreadis' friends say that criminal charges brought against him (and subsequently dropped) were a fabrication and that the real reason for the proceedings was the support that he gave to the colonels' regime. Those who were involved in the investigation and prosecution on the Government's side insist that politics had nothing to do with the issue. Indeed, they point out the first investigation of supposed irregularities in the management of the Commercial Bank, of which Andreadis was the head started in 1966 before the Colonels' junta came to power, but were stopped by them. This investigation concerned the transfer of the shares in a London subsidiary, The Commercial Bank for the Near East, to "U.S. Investors," a mysterious U.S. corporation which did not seem to possess even a letter box in the United States. It was alleged that Mr. Andreadis effected this sale without informing the Board of the Commercial Bank for a price which was some £180,000 below the book value of the shares.

Settlement

The affair came into the open after the fall of the Junta when, in December 1974, the Minister of Co-ordination stated publicly that Professor Andreadis was suspected of having unlawfully misused his position as chairman of the Commercial Bank of Greece, the Ionian and Popular Bank of Greece and of the Investment Bank in which big large international banks had an interest. On the same day the Government appointed provisional commissioners to take over the management of this banking group.

A committee of inquiry chaired by Mr. N. Kyriazidis, then deputy governor of the Bank of Greece (the central bank), found that there were many more cases of the transfer of shares, and of loans and guarantees to Professor Andreadis's own private companies and that in making these transfers and granting these loans and guarantees the rules of correct banking practice had been flouted. The committee concluded that these transactions amounted to three times the capital of the Commercial Bank and that this banking group was on the verge of bankruptcy.

In August, 1976, the Government took two measures. First, it guaranteed deposits in the threatened banking group, preventing a general run on the bank and a possible collapse of the Greek banking system. The second measure was the Law against Andreadis already mentioned which ordered a doubling of the share capital of the Commercial Bank by the issue of new shares of which the old shareholders could not acquire more than one-tenth. Nine-tenths were acquired by the Ministry of Finance on behalf of various public corporations. The Government argued that the injection of new money was necessary to make good the losses and that the management had to be replaced because it was making losses. Professor Andreadis maintains that the real purpose of the operation was to transform his majority (51 per cent) shareholding into a minority of 25.5 per cent without compensation.

The motive which animated the government in the Andreadis affair can be disputed but the result of its action stands clear: at the end of the day the second-largest banking group came under government control so that the government now controls, directly or indirectly, 95 per cent of the entire Greek banking system and 85 per cent of all commercial banks. The National Bank of Greece and the Bank of Greece control pension funds and all sorts of foundations. The Agricultural Bank, a state institution, is an instrument for agricultural policy and for the control of agricultural supplies, in particular fertilizers. The Hellenic Investment Bank, in full state ownership, is an instrument of industrial and regional development policy. The commercial banks often hold one-third of equity in their more important industrial clients and together with the founding family have the majority of shares.

The Government's control of commercial banks provides, therefore, channels of influence down to individual enterprises. The Andreadis affair can be seen as the culmination of a process by which the political and business strata, already linked by family ties, achieved a more formal stage of integration in which it is not quite clear who governs whom. It would certainly be wrong to imagine that the banks are obedient servants of the Ministry of Finance.

As soon as this integration had been achieved the affair started to lose its impetus. The criminal proceedings opened in 1975 against Professor Andreadis and 40 of his collaborators gradually fizzled out until all the accused except Professor Andreadis himself had been cleared. Finally, on February 27, 1978, he too was cleared of all the remaining charges by the Athens Court of Appeal. An important factor in his defence was a document proving that in selling the Commercial Bank's subsidiaries to himself, Professor Andreadis was only protecting the bank against divestiture under a law then in force and that his intention was to resell the companies to the bank at the original price. It has been pointed out, however, that the last transaction, namely the transfer of the Athens Hilton, took place after this law had been repealed.

Take-over

The civil side of the dispute reached an amicable settlement as soon as the criminal prosecution had petered out. The Commercial Bank relinquished its claim of damages against Professor Andreadis—relating also to shipyard losses which may reach some 4bn drachmae—and in return Professor Andreadis released the bank from some minor guarantees and promised not to pursue his complaint that the 1976 special legislation, depriving him of the control of the group, was unconstitutional. However, a few months ago the government decided to increase its stake in the Ionian Popular Bank, reducing the participation of the Commercial Bank from 98 to 67 per cent. Professor Andreadis saw in this a breach of the agreement and responded by reviving his claims that measures taken against him were unconstitutional. The case is not yet back to square one but the intention to get it there is clear.

Thatching for the July Cup

RACING

BY DARE WIGAN

IN THE belief that Sigy will not last out the six furlongs of today's William Hill July Cup and that One In A Million will find it hard to revert to sprinting I shall be taking a chance with Ireland's sole representative, Thatching.

After that inexplicably poor display in the Temple Stakes at Sandown where, as a 5-4 favourite, he could never get a blow in, Thatching came right back to his best with a win in the Cork and Orrery Stakes. Making virtually all the running in that six furlong event at the Royal meeting the Vincent O'Brien trained colt never appeared in the slightest danger and passed the post with four lengths in hand of Rose Above.

The winner there in one minute 15.39 seconds—a time slightly faster than that achieved by the two-year-old Varingo a couple of days earlier—Thatching looked to have plenty in reserve should an extra effort have been called for.

A six furlong performer through and through the bay colt, a son of Thatch out of the Premonition mare, Abella, can maintain Cashel's fine record in this event by out-classing Absalom, who has always struck me as a little short of the top grade.

Of the remainder I shall be most interested in Greenland Park. The William Hastings trained filly missed the break when strongly fancied for the King's Stand Stakes, but for which I feel sure she would at least have run up to her Temple Stakes form.

However, would-be backers this afternoon should be wary for several inmates of her stable are still not 100 per cent and the Queen's Contralto was pulled out of yesterday's Child Stakes as a result of a slight temperature diagnosed on Tuesday morning.

Henry Cecil has withdrawn Many Moons from the Limekilns Stakes won a year ago by stablemate, Lypbard's Wish, and in the absence of the Wildenstein-owned juvenile the finish should be fought out between Heavenly Ruler and Paradise Bay. The last named looked a shade more backward than his stablemate when the pair met on their racecourse debuts and he is the selection.

NEWMARKET

2.00—Run Like Hell
2.30—Elusive
3.05—Thatching**
3.35—Silley's Knight
4.05—Paradise Bay***
4.40—Cilium
5.10—Miss Annabella*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 11.25 Cricket: First Test — England v India. 1.30 pm Playboard. 1.45 News. 2.05 Cricket: First Test—England v India. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11 am). 4.45 Captain Caveman. 4.55 Blue Peter Special Assignment.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Holiday Report.
6.55 Dr. Who.
7.20 Top of the Pops.
8.00 Wildlife on One.
8.30 Rosie.
9.00 News.
9.25 The Deep Concern.
10.15 Person to Person (Lord Denning).
10.55 The Feather and Father Gang.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland — 9.50 am Magic Roundabout. 9.55 Jackanory. 10.10 Hong Kong Phooey. 10.35-10.55 Take Hart. 5.55-6.20 Reporting Scotland. 11.45 News and Weather for Scotland.

Wales — 5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 11.45 News and Weather for Wales.

Northern Ireland — 10.55 am The Twelfth (The Orange Order's procession through Belfast). 11.40 Join BBC-1 (Cricket). 4.18-4.20 Northern Ireland News. 5.55-6.20 Scene Around Six. 11.46 The Twelfth (Highlights of today's procession). 12.31 am Northern Ireland News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.30 am Open University.
11.00 Play School.
4.30 pm Cricket: First Test.
6.30 Open University.
6.55 The Schools Prom from the Royal Albert Hall.
7.50 Mid-evening News.
8.05 Beside the Sea.
8.30 The Paper Chase.
9.20 "A Fistful of Dynamite," starring Rod Steiger.
11.35 Late News.
11.45 Cricket: First Test (highlights).

LONDON

9.30 am A Place To Live. 9.45 Au Travail! 10.05 Farmhouse Kitchen. 10.30 A Big Country. 10.55 Little House on the Prairie. 11.45 Mystery Island. 12.00 Animal Kwackers. 12.10 pm Rainbow. 12.30 Emmerdale Farm. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus At Home. 2.25 Racing from Newmarket. 3.50 Quick on the Draw. 4.20 Project UFO. 5.15 The Squirrels.
5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads
7.00 Sapphire and Steel.
7.30 Coronation Street.
8.00 You're Only Young Twice.
8.30 Year of the Prophet.
9.30 Shelley.
10.00 News.
10.30 World in Action: The Army's view of the IRA.
11.00 The Sweeney.
12.00 What the Papers Say.
12.15 am Close: George Robertson reads from works in the Buddhist Tradition.

All IBA Regions as London except at the following times:—

ANGLIA

10.30 am England their England. 11.00 Chopper Squad. 11.50 Cartoon Time. 1.25 pm Anglia News. 2.00 Houseparty. 4.20 The Beachcombers. 4.50 The next week show. 5.15 Makin' It. 6.00 About Anglia. 6.20 Arena. 7.30 Thundercloud. 10.30 The Brian Connell Interviews. 11.00 TV movie: "Force Five." 12.25 am The Living Word.

ATV

10.30 am Spiderman. 10.50 Gardening Today. 11.15 Lucan. 1.20 pm ATV Newsdesk. 4.20 Jonny Quest. 4.50 Sierra. 6.00 ATV Today. 7.30 Thundercloud. 10.30 Format V. 11.00 Columbo.

BORDER

10.35 am Who's Afraid of the Opera? 11.00 Cartoon. 11.05 Logan's Run. 1.20 pm Border News. 2.00 Houseparty. 4.20 The Life and Times of Grizzly Adams. 5.15 Makin' It. 6.00 Lookaround Thursday. 7.30 Thundercloud. 10.30 Devine Country. 11.00 Love Boat. 11.55 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.00 Channel News. 8.10 Call It Macaroni. 7.30 Untamed World. 10.28 Channel Late News. 10.32 Chopper Squad. 11.20 Movie Premiere: "The Red Badge of Courage." 12.40 am Actualities et Projections.

GRAMPIAN

9.25 am First Thing. 10.30 The Story of Wine. 11.00 Tarzan. 1.20 pm Grampian News Headlines. 4.20 Little House on the Prairie. 6.15 The Great Yorkshire Show. 5.40 Police Newsroom. 6.00 Grampian Today. 5.10 The Rolf Harris Show. 7.30 Happy Days. 10.30 The Masterbuilders. 11.00 The Sweeney. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

10.30 am Sesame Street. 11.25 The Lost Islands. 11.50 Cartoon. 1.20 pm Cartoon. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.30 What's On Next. 7.30 Thundercloud. 10.30 What's On? 11.00 What the Papers Say. 11.20 Don August.

HTV

10.35 am The Lost Islands. 11.00 Dodo the Space Kid. 11.05 Animated Classics. 11.50 Dick Tracey. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 4.20 Spiderman. 4.45 Bailey's Bird. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 5.15 Report Wales. 8.30 Cabbages and Kings. 7.30 Thundercloud. 10.35 Gallery. 11.05 Sidestreet.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.45-5.20 Seren Wib. 6.00-6.15 Y Dydd. 10.35-11.05 Bill, Peggy, Royal and Friends.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.30 am Friends of Man. 10.50 Betty Boop. 11.10 Space 1999. 1.25 pm News. 4.20 Bailey's Bird. 4.50 The Squirrels. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today—Summer Extra. 6.30 Garnock Way. 7.30 Thundercloud. 10.35 Late Call. 10.40 About Gaelic. 11.10 The Jazz Series. 11.35 Barney Miller.

SOUTHERN

10.30 am The Lost Islands. 10.56 Little House on the Prairie. 11.45 Heiss and Bachelor Cartoon. 1.20 pm Southern News. 2.00 Houseparty. 5.15 Melotoons. 5.20 Crossroads. 6.00 Day by Day. 5.30 Cabbages and Kings. 7.30 Thundercloud. 10.30 Southern News Extra. 10.35 Cross-Channel. 11.05 The New Avengers.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. †10.30 "The Brave Don't Cry," starring John Gregson. 1.20 pm North East News and Lookaround. 4.20 The Little House on the Prairie. 5.15 The Great Yorkshire Show. 6.00 Northern Life. 7.30 Thundercloud. 10.30 Double Top. 11.05 What's On Next. 11.30 Kirbeti. 12.30 am Epilogue.

ULSTER

10.35 am Thursday morning movie: "Mars Of The Wilderness." 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 Dynomutt The Dog Wonder. 4.50 Bailey's Bird. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.30 Oh No, Its Selwyn Froggitt. 7.30 Thundercloud. 10.30 The Twelfth. 10.50 Pro-celebrity Darts. 11.20 Police Woman. 12.15 am Bedtime.

WESTWARD

†10.35 am Feature Film: "Vote For Huggett," starring Kathleen Harrison and Jack Warner. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.30 Miss Westward '79. 10.32 Westward Late News. 10.36 Lilaspan. 11.05 Politics West. 11.20 Movie Premiere: "The Red Badge of Courage," starring Audie Murphy. 12.40 am Faith For Life. 12.45 West Country Weather, Shipping forecast.

YORKSHIRE

10.35 am Whoshe and the Chopper. 10.45 Sesiab 2020. 11.10 Kilbeti—birth of a nation. 1.20 pm Calendar news. 4.20 The Life and Times of Grizzly Adams. 5.15 The Great Yorkshire Show. 6.00 Calendar (Emley Moor and Belmont eds.). 7.30 Thundercloud. 10.30 Pro-celebrity Darts. 11.00 Fantasy Island. 11.55 Police Surgeon.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast
‡ Medium wave.

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (s). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (s). 7.32 Terry Wogan (s). 10.03 Jimmy Young (s). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (s). 2.15 David Hamilton (s) including Racing from Newmarket. 4.15 Much More Music (s). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (s). 6.45 Sports Desk. 7.02 Country Club (s). 9.02 Folkweave (s). 9.55 Sports Desk. 10.02 Thank You, Mrs. Fothergill. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music, with Sheila Tracy (s).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture, part 1 (s). 8.00 News. 8.05 Overture, part 2 (s). 9.00 News. 9.05 This week's composer: Scriabin (s). 10.00 Holmboe chamber music concert (s). 10.30 Sounds of Summer (s). 11.15 Cricket: First Test—England v India, including 1.35 pm News. 1.40 A Passage to India—The Early Hours (talk). 2.00 Lunchtime ... 8.40 At Home. 7.10 ... 7.30 "Boesman and Lena" by Athol Fugard (s). 9.05 ... recital. 9.15 The ... Kenner, by Benoit ... 9.25 Tchaikovsky's ... (s). 10.25 Music in ... Bach Cantatas (s).

VHF with Medium Wave as above except 6.00-8.00 am ... 7.10 pm as follows: ... University. 11.15 ... (s). 11.40 BBC ... Orchestra (s). 1.00 ... Bristol Lunchtime Concert ... "The Last Temptations" ... acts by Joonas Kokkonen ... 3.20 In Short (talk). ... Temptations." Act 2 ... and Piano recital (s). 5.45-7.10 ...

RADIO 4

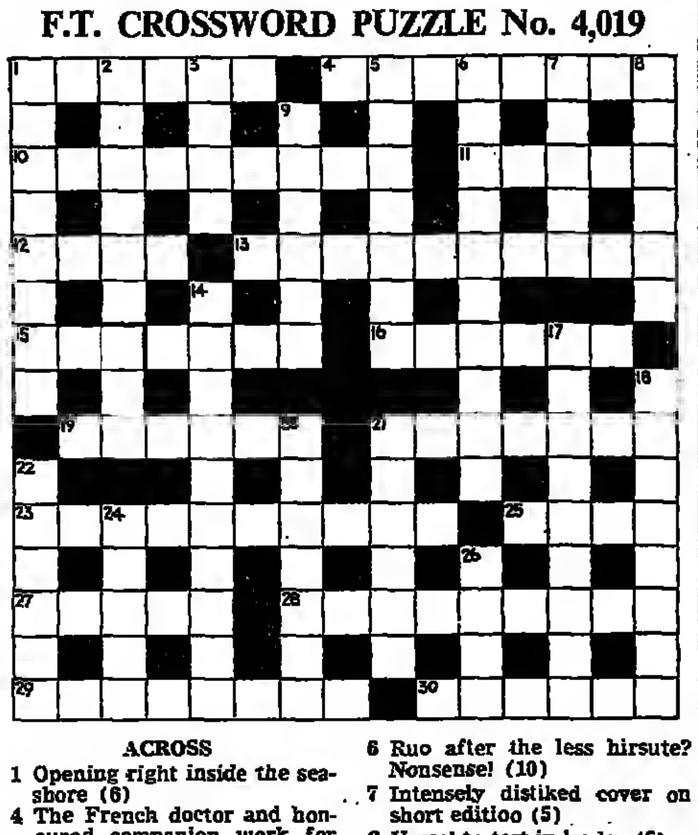
6.00 am News Briefing. ... Today. 6.25 Shipping forecast. ... Today including ... Day. 7.00, 8.00 Today ... 8.30 News Headlines ... the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid... Green. 10.00 News. ... 10.30 Daily Service. ... Story. 11.00 Analysis ... with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . unquote (s). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Preview of Radio 4 UK. 3.10 Questions to the Prime Minister. 3.35 Afternoon Theatre. 4.35 Story Time. 5.0 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Brain of Britain 1979 (s). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. ...

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 4,019



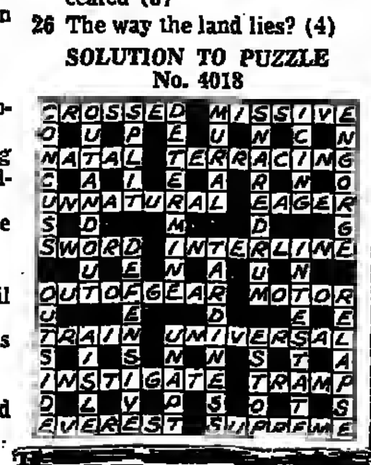
ACROSS

1 Opening right inside the seashore (6)
4 The French doctor and honoured companion work for meat (4-4)
10 Clean a French seat in a coach (9)
11 Tongue in the French can (5)
12 Implement reversed for plunder (4)
13 Student of paper seen daily on television (4-6)
15 A vicar sped around and fought (7)
16 Bird disliked by soldiers (3-3)
19 Ogle about ship that is smaller (6)
21 Spend time in the lobby (7)
23 Well-worn yarn on condition of nudists (10)
25 Tidy type of animal (4)
27 Wrong as teeth may be (5)
28 Concerning young beast producing fault in vehicle (9)
29 Leaving the stage embracing chorus-leader could be thrilling (8)
30 Thrashed as an earl may be (6)

DOWN

1 Bet on whip giving a recoil (8)
2 Add detail to that which is complicated (9)
3 Fish left in river (4)
5 Airman caught employer and plaintiff (7)
6 Run after the less hirsute? Nonsense! (10)
7 Intensely disliked cover on short edition (5)
8 Vessel to test in larder (6)
9 It's a bore to finish after smoking (3-3)
14 News supplier has to squeeze a chap (5-5)
17 Humiliation in a cellar (9)
18 Rehabilitated the overdrawn shop (8)
20 Massage from head to foot to reduce by friction (7)
21 Ale carrier (6)
22 Is left in distress to suffocate (6)
24 Artefact in the barrel I concealed (5)
26 The way the land lies? (4)

SOLUTION TO PUZZLE No. 4018



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CINEMAS

Record Review

Of keyboards and kings

by NICHOLAS KENYON

Juhann Jakob Froberger was for some 20 years employed by the Holy Roman Emperor Ferdinand III as organist at tha court chapel in Vienna. That the bond between this talented musical monarch and his servant was very close can he heard from the Lamentation which Froberger wrote nn Ferdinand's death in 1657, one of the most deeply moving pieces in all baroque keyboard music. It opens a new record of Suites by Fruherger, played with quiet, introspective eloquence by Kenneth Gilbert (Archiv 2533 419). Gilbert uses an original Père Bellot harpsichord of 1729, and he follows Froberger's own arrangement of the dance movements in the Suites: instead of placing the Gigue at the end, as later baroque composers were to do, he places it second, making the unusual sequence Allemande, Gigue, Conrante, Sarabande.

Gilbert brings a special expressive intensity to these Suites, making the most of the differences in their idiom from those of the 18th-century: Allemandes are slow, prelnde-like; Courantes are flowing but not virtuosic; Sarabandes are graceful yet powerful. The restraint of the music is ideally suited to Gilbert's careful, almost uncommimicative approach, and the disc is well planned to end with the Suite which includes another Lament, this time for Ferdinand's son. In these Laments the final notes ascend up the keyboard, and in the beautiful original copies of the works, the barline is obscured by an engraving of Heaven, to which the soul has ascended. What is one to make of Froberger's other lament for a friend, which ends with a descending scale?

The early and middle baroque is a most fruitful field of keyboard music, which the towering achievements of Bach, Couperin and Rameau have tended to overshadow. If Froberger's name is little-known, that of Gaspard Le Roux is quite unknown. He makes an appearance in Paris at the end of the 17th century and in 1705 published some exceptionally interesting Pièces de Clavecin. Not only do they develop the language of Chambonnieres and d'Anglebert towards that of the high baroque, hnt unprecedentedly they are designed for performance by two harpsichords. Le Roux gave precise instructions as to how the music was to he realised, and on a new recording (Harmonia Mundi France, HM 399), William Christie and Arthur Haas perform four of the seven Suites on two Dowd instruments. The results are rich, and wonderfully intricate and in some movements (particularly a noble Chaconne in F) as impressive as much of the later repertoire.

Rameau's keyboard works mark the summit of the elaborate French baroque style, and there are now several complete versions available, including George Malcolm's pioneering and incomparably lively set on Argo, Kenneth Gilbert's restrained performances on Archiv and (my favourite) Trevor Pinnock's crisp and stylish collection, available on three separate records from CRD. It would be nice to recommend the one-disc selection by the American Scott Ross (Telefunken Das Alte Werk, 6.42336), but though the playing is well-moulded and very responsive to the intricacies of the music and its ornaments, the record has been idiotically put together. Not only are pieces from the Suites in the wrong order, but large bands have been placed within individual variation sets on both sides—one has to wait as long between each of six *doubles* as between full movements.

To compensate a first-rate record of late French baroque music—not for keyboards, but for strings—by Jean-Marie Leclair, who did so much to increase the violin's virtuosity and range in the mid-18th century. On this record (variously entitled *Musique de Chambre*, Late Works: Archiv 2533 414), Musica Antiqna of Cologne play two Overtures and two Sonatas for unaccompanied violins with real fizz. I praised this group on its first London appearance this year. The highly individual style of performance on original instruments, with carefully controlled weight and shading, deftly articulated, is here captured to perfection. Outstanding.

Two English records of keyboard music. In the Florilegium complete Dowland series, Colin Tilney has assembled a fascinating collection of transcriptions of Dowland works by other composers, including Farnaby, Wilhye, Morley and Byrd (Decca Florilegium DSLO 552). Through them all run Dowland's pessimistically ohsessive signature tune, the Lachrimae Pavan, hut there are other more cheerful tunes and dances, all elaborated and decorated by their arrangers, and played with real feeling for their different styles by Colin Tilney. And on CRD, Gerald Gifford has compiled an album rather unconvincingly called East Anglian Keyboard Music (CRD 1057); the music is interesting, though, with some rare English pieces by Greene, Hook and Crotch, and three superb instruments—two harpsichords from the Fitzwilliam Museum, Cambridge, and the organ of Framlingham Church.

More fine English keyboard music is on Thomas Tomkins *Musica Deo Sacra* (Argo ZRG 897), with his church music sung hy the Choir of Magdalen College, Oxford; more madrigals and motets by this undeservedly neglected figure are sung by the Deller Consort on Harmonia Mundi (HM France 232). I notice that I have scarcely mentioned an unquestionably great composer, yet this group of records has given me as much pleasure as any more famous music I have heard recently.

Sallinen commissioned to write opera

The Royal Opera House, the BBC and the Savonlinna Festival have commissioned the Finnish composer, Aulis Sallinen, to write an opera to be performed at the Savonlinna Festival in Finland in the summer of 1984 and at the Royal Opera House, Covent Garden during the 1984/85 season. The opera will be broadcast from the Royal Opera House by the BBC on Radio 3.

Sallinen is the composer of two already established operas, *The Horseman* and *The Red Line*, the latter of which was recently performed at Sadler's Wells hy the Finnish National Opera.

The commission will he financed by the Savonlinna Festival, The Royal Opera House and the BBC.

The Spoleto Festival

A rich uneven mixture

by WILLIAM WEAVER

The 22nd Festival of Two Worlds, now in progress here, must be considered transitional. The festival's artistic director for the past several years, the actor Romolo Valli, resigned last spring; his replacement, Raffaello De Banfield, has presumably not yet been able to impress his taste on the programming. For some time De Banfield has been artistic director of the Teatro Verdi in Trieste, one of the best-run and most interesting of Italian opera houses. A composer of international background and experience, De Banfield was a shrewd choice for Spoleto: one looks forward to the next festival.

Meanwhile, this year's seems pretty much the familiar, rich, uneven mixture. The opening event was a new production of *La sonnambula*, designed and staged by Pier Luigi Samaritani, conducted by Christian Badea (the festival's musical director), and starring a 23-year-old soprano, a Spoleto discovery, Lucia Aliberti. Actually, this artist was discovered by Spoleto's other, less well known and less glamorous festival, the Teatro Sperimentale, an annual autumn season of repertory operas introducing very young, unknown singers. Miss Aliberti won the competition that is associated with the Sperimentale and sang a *Sonnambula* for them last year.

She is, without question, a singer of promise and talent; but she hardly seems ready for the glaring, international exposure of a Spoleto inauguration. The voice is still unformed in the lower register, and she has occasional problems with pitch. But she has a sweet, assured stage presence, a secure and agile top voice, admirably clear enunciation. She is not up to all of Bellini's demands at this stage, but she was never less than appealing.

She was not helped much by the conductor. Badea has proved his ability on other occasions, but he apparently has no grasp of Bellinian style. His reading was without grace, without elegance; most of the time it was too loud and fast, as if the conductor lacked faith in this elusive score. The tenor, Aldo Bertolo, also is no Bellinian: he sobbed and crooned (and sang off pitch). His Elvino was often painful.

Fortunately the rest of the cast was excellent. Ferruccio Furlanetto was a properly young, attractive Count; and Renata Baldisseri a lively, sufficiently malicious Lisa (her often-cut second act aria, "De' lieti auguri," was happily restored). The Westminster Choir, now one of Spoleto's regular assets was, as usual, accurate and musical and fresh-sounding.

Pier Luigi Samaritani's production had some unfortunate aspects (a ballerina was added to the cast, and her dumb show was obtrusive and unnecessary), but for the most part it moved well. His costumes for the men—Kate Greenaway pantlettes and ice-cream pastel colours—were extremely unflattering; but the girls looked lovely. I cannot judge the sets, because the performance I saw was being televised, so the lights were harsh and unflattering. Still, they seemed attractive.

This year's festival, like the past few programmes, has a good deal of spoken theatre. I saw two things, in fact, in the two days I was there. The first was a one-woman show, *Molly coro*, starring Piera Degli Esposti. This recitation of the last pages of Joyce's *Ulysses* (in a fluent translation by Giulio De Angelis, arranged by Ettore Capriolo) offers the occasion for a bravura performance. Piera Degli Esposti is certainly remarkable, for her stamina and her memory, if nothing else. Perversely, she — or her producer, Ida Bassignano—decided against any naturalistic interpretation; so the piece becomes a kind of recital; much of the text is delivered in a tiresome sing-song. In the few moments when she drops this cadenced speech and lapses into normalcy, the actress is affecting and the text comes to life (the finale is moving).

Lina Wertmuller's play *Amore e magia nella cucina di mamma* (Love and magic in Mamma's kitchen) was written almost a decade ago, for the actress Sarah Ferrati and for Franco Zeffirelli to stage. Both la Ferrati and Zeffirelli, were horrified by the work, and it was shelved until now. Considerably rewritten apparently, it has been staged by the author; and she has done an impressive job.

The work is based on a real-life drama, the story of Leonarda Cianciulli, a murderess who, having killed some women friends, boiled up their dismembered bodies and made soap and candles. Known as the "saponificatrice di Correggio" (the soap-maker of Correggio), the murderess was confined in the criminal mental hospital of Pozzuoli, where she died a few years ago.

Lucia Aliberti and Aldo Bertolo in La Sonnambula

For Lina Wertmuller, the murder story is a pretext for examining the cultural conflict between Leonarda, a poor superstitious woman from the backward south, and the northern Italian, rigid, conventional middle class. The three victims are three Brief Lives, studies in the variety of unhappiness and solitude. Leonarda murders them out of superstitious conviction, to prolong the life of her son; and in the final scene, in the Bedlam of Pozzuoli, she has assumed the role of mother to the inmates.

In Enrico Job's stark and apposite set, Wertmuller has staged a kind of ritual, centering around the hair-raising Isa Danieli, who does not "play" Leonarda, but becomes the character in a total identification. The all-female cast offers strong support, and Elena Mannini's simple black costumes are somehow both timeless and precise for this drama which is set in the immediate post-war period (the real Leonarda was sentenced in 1946). As it is, the play is long, perhaps too long for the usual Italian audience; but it has, nevertheless, a tremendous impact.

Because of a conflict, I could see only the latter half of *L'incoronazione di Poppea*, and I am sorry to have missed the rest, because what I saw was beautiful and moving. The production, by Filippo Sanjust, was straightforward, unfussy, framed by some steps and a line of Corinthian columns. Alan Curtis's edition of the opera (to be published next year by Novello) is scrupulous without being austere. The music speaks for itself, in all its splendour. Curtis conducted his Complesso Barocco (a picked group of first-rate musicians) and the superb cast. Carmen Lavani was a sweet Drusilla, and — as Poppea and Nerone — Carmen Balthrop and Carolyn Watkinson were outstanding: stylish, impassioned, convincing. Marjanne Kweksilber sang Ottavia's farewell to Rome with touching dignity. A great success, also with the capacity audience, despite the oppressive heat of the overcrowded Teatro Caio Melisso.

As always the Festival offered a non-stop series of concerts: at midday, in the afternoon, at night, in the theatre, under the porch of the Duomo, in other churches. And, also as usual, much of this music-making is on a high level. There are also several art shows, including a small, but choice exhibition dedicated to Gerardo Dottori, who died two years ago at the age of 93. A second-wave Futurist, Dottori was the chief exponent of "aeropittura," and his strange, compelling landscapes from-above are the most absorbing and enduring part of this welcome review of his work.

Criterion

Bent

Martin Sherman's unsettling play, part horrific comedy, part concentration camp love story, has now transferred from the Rnyal Court tn the West End.

Robert Chetwyn's production still stars Ian McKellen as the homosexual Schweyk figure, Max, and Tom Bell as his grimly saturnine companion in Dachau. Both men are detailed tn break stones, an activity whose monotony is rather too realistically insisted upon by the actors, although they enliven the rest periods by encouraging each other to extra-sensory erections while standing yards apart. This may he known as getting their rocks off.

There is one small cast changa. Wolf, the blonde nude running around the Berlin apartment shared by Max and a fey dancer, is now played by Terence Suffolk, large and lumpy, but cleverly making something of a thinly written character. Mr. Sherman's entire play in fact, is less memorable for its writing than for its sensationalism: Wolf's throat being cut aa the Stormtrooper's burst in to purge the city of homosexuals; Max beating the dancer to death in order to survive; Max's account of how he gained a yellow star instead of a pink triangle (Jews got more meat in their sonp than *did* gays) by committing an act of necrophilia on a female corpse; the grizzly electrocutions at the end.

I find it impossible to be either cool or enthusiastic. Like *Holocaust* on TV, it prompts discussion as to how you re-enact terrible aberrations of history without celebrating them. *Bent* is dangerously close to becoming a cult, a rallying cry for liberated matropolitan gays. On the other hand, I know of people, even Jews, who have seen the play and knew nothing of the Nazi persecution of homosexuals beforehand. Of one thing, though, I can be sure: It is performed with dignity, conviction and grace.

MICHAEL COVENEY

Ian McKellen and Tom Bell

St. Bartholomew-the-Great, Smithfield

Electronic and computer music

by DAVID MURRAY

Tha 20th-Century Music Festival at St. Bartholomew's continued on Tuesday with prominent loudspeakera. All the music Involved pre-recorded tape, generally more sophisticated than Stockhausen's intuitive and scruffy *Telemusik* of 1966, which ended the concert. Bows were taken for those composers who were present only in electronic spirit by Stanley Haynes, presiding efficiently over the eqnipment. His own *Prisms* for piano (George Nicholson, attacking his relatively modest part with a will) and computer-synthesised tape toyed with a range of sound from actual piano through not-quite-piano to very remote, shrill cousins; its expressive means were narrower.

The programme-hook is capricious with information abont composers, variously supplying welters of it or none. John Chowning was identified dauntingly as "best known for his paper 'The Synthesis of Complex Audio Spectra hy Means of Frequency Modulation'," but the highly polished sounds of his *Turenas* amounted to inoffensive chanting ornamented with hurats of twittering. James Anderson Monrer was identified only by name, but his two voice-transformation pieces were realised at the Paris IRCAM (like tbe Haynes piece and the Risset one). They made refined and witty play with spoken poems: Moorer'a ambitions might well be more commercial or theatrical than musical, and he sounds resourceful enough to invent a place for himself.

Jean-Claude Risset's quadraphonic *Songes* treats a handful of post-Impressionist motifs (recorded by live players) to beadily suggestive computer-atmospherics. Very pretty, and reminiscent of the first of Bartok's *Deux Images* with its sweltering langour: not what one expected to come out of IRCAM. Paul Patterson's tricksy *Shadows* for clarinet and two loudspeakers, each emitting a shadow of (I assume) the live Charles Hine, is dramatically facetious — feigned discords between the player and his disembodied aelves—in proportion to the composer's awful gloss ("a comment on the so-called climate of nur times . . . the individual's resistance to a dehumanising society"). The lively energy of the music, however, owing scarcely anything to the hardware, was striking; Patterson's natural fluency never seems programmed, and the imaginative thrust of his clarinet-writing here deserved to be put to less catchpenny ends.

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Thursday July 12 1979

Helping the entrepreneur

A NEW SPIRIT of enterprise is abroad in Britain's business community. This is the surprisingly optimistic picture that emerges from the annual report of Finance for Industry (FFI), which in its main field of operation, the provision of highly-geared loan capital to small firms, has had a record-breaking year. Loan offers were made to 1,055 companies in 1978-79 and sums advanced have almost trebled in just two year.

FFI's experience could be the best economic news Britain has had for a long time, particularly if the buoyancy of small business continues, encouraged by the new tax climate and further Government measures, such as the plan to assist venture capital investment unveiled by the Department of Industry yesterday.

The best hope

A resurgence of small business is the best hope for stemming the rise in unemployment, not just in Britain, but throughout the industrialised world. A recent U.S. study showed that 66 per cent of the new jobs created in America between 1969 and 1976 were in tiny companies with fewer than 20 employees.

Small firms in America are the focus of product innovation. They are the natural units in which technologists and businessmen can combine their talents and launch new products, initially with labour intensive processes, which alone can provide new employment in advanced industrial countries with high labour costs.

Britain has never been short of new ideas, but has consistently failed to exploit them profitably. FFI has been receiving growing numbers of proposals from managers in large companies who, having spotted a product that their companies have failed to develop, are deciding to go into business to do so themselves.

Limited in scope

Welcome as it is, the apparent renaissance of small business over the past two years is perplexing. The tax incentives and exhortations of the last government may have contributed something to it, but they were limited in scope and too recent to account for much of the new activity. Most likely the government was in fact leading from behind, responding to a movement in the business community that was already going on.

The fortunes of small businesses are highly sensitive to business cycle movements and the small business resurgence must be largely due to the economy's recovery from the 1973-75 recession.

If economic growth has been the main factor in the establishment of more small businesses, the perspectives are now gloomy. The question is whether the radical tax reforms of the last budget, coming on top of the previous government's initiatives on capital taxes, will more than offset the effects of an economic slowdown.

Income taxes, and not the capital taxes, on which the last government provided some relief, have been the small businessmen's biggest complaint for many years. But the recent cut in higher tax rates could initially have a paradoxical effect on new business formation. Extortionate taxes on employment income can be a strong incentive for going into business. Even the most successful manager can rarely provide himself with the spending power and material advantages that many a small businessman achieves by "living off" his company. Income taxes, reinforced by incomes policies directed against highly paid employees must account for some of the defections from management into small business.

The bias against wealth accumulation in Britain's tax system is now fortunately being redressed. But it will take years for tax changes to reverse past trends. Meanwhile a lack of personal seed capital remains the British entrepreneur's biggest hurdle.

Venture capital

There is still much to be done to divert more of Britain's personal savings out of pension funds, insurance companies and building societies and into venture capital. Gradually the fiscal advantages of institutional saving must be matched by incentives for direct investment in industry. The savings institutions can protect this exposed fiscal flank by acting more boldly in their backing of small businesses and of joint projects such as FFI, Equity Capital for Industry and the Small Business Capital Fund. FFI has shown that the entrepreneurs are out there in the British business community and the institutions must actively seek them out.

The threats to Mr. Desai

AS THE Janata Government of Mr. Morarji Desai fights for its survival, an unwelcome skeleton is rattling, that of intercommunal violence. For the fears are now widespread of a revival of the Hindu-Moslem clashes which cost India so very dearly during Partition in the 1940s.

Recent years have seen a marked contrast between the feuding of the country's political forces and the success of the economy. Foreign exchange reserves are at the record level of over $7bn, growth is expected to exceed plan targets of an annual 4.7 per cent, grain stocks exceed 20m tonnes, and invisibles and aid easily cover last year's trade deficit.

Over capacity

Good monsoons and, more important mounting returns from major irrigation projects are beginning to make their mark. The villagers have found their purchasing power greatly increased and the result has been a surge in demand from which industry, long plagued by over-capacity, has benefited. At the same time Mr. Desai's government has removed some of the controls on the economy.

In this last area Mr. Desai has ploughed a course on which Mrs. Gandhi also seemed set. But in the question of communal relations he has allowed members of his Janata Party to go completely against the tradition of all post-independence governments. These have always tried to preserve two balances, that between the individual states and the federal government and that between the different religious communities in the hugely varied sub-continent.

But the communal question has now become sufficiently serious both to be at the centre of the present no-confidence debate on Mr. Desai in the lower house of parliament and to be the cause for many of the resignations which have cost his Janata Party its majority.

There are various subsidiary issues. Mr. Desai has the same sort of political problems because of the activities of his son, Mr. Kanti Desai, as does Mrs Gandhi with her son, Mr. Sanjay Gandhi.

In the case of Mr. Desai, most of the deputies who have now resigned from his party have joined up with Mr. Raj Narain, dismissed as Health Minister by Mr. Desai after demanding an enquiry into the corruption allegations against Mr. Desai's son. But Mr. Narain is now worried about wider issues—about the mounting unrest in the police and security forces; about deteriorating labour relations which now threaten to involve the railways; and about the way "communal riots are proving to be beyond control."

Parliament was told yesterday that 146 people were killed and 812 injured in Hindu-Moslem riots in the first five months of this year. The real figures may be higher. In April over 100 people were killed in the steel town of Jamshedpur in Bihar—long one of the most potentially explosive states. In June at least 28 people died in riots in West Bengal and over 20,000 Moslems fled for sanctuary to Bangladesh. Most recently, Alizarh, a Moslem centre in the predominantly Hindu state of Uttar Pradesh, after eight months of curfew, has had to be put under virtual martial law.

Opportunity

Previous governments in post-war Delhi have tackled the communal question by adopting strongly secular policies. But when the coalition of Janata forces was formed to overthrow Mrs. Gandhi one of its elements was the Jana Sangh, an avowedly Hindu movement with a militant wing, the RSS, which in earlier times had been banned by Mrs. Gandhi. The Jana Sangh has tended to use its influence to advance Hindu interests. Its growing influence in the ruling Janata Party has caused an increasing backlash in the party, as well as causing some of its former allies in parliament to question whether they should continue to support it.

Though it would take further defections to threaten Mr. Desai's government, the writing is thus on the wall, if not for the government, at least for the communal policies it has allowed. But with the once-proud Congress in disarray this is less a fresh opportunity for Mrs. Gandhi than one for a radical reformation of Indian parties. At present they have responded to the problems posed by the size of India by being mainly coalitions of personal interests. It is time for them to widen their scope.

A nasty shock from the building societies

BY MICHAEL CASSELL

WITH THE eyes of Mrs. Margaret Thatcher and 5m other home owners upon them, leaders of Britain's building societies meet tomorrow to consider raising their interest rates to record levels.

Before the full 36-member Council of the Building Societies Association announces its decision at noon, it will no doubt be taking the advice of one of the country's better-known owner-occupiers and thinking "long and hard" about the choice facing it, although the outcome is unlikely to meet with her approval.

For despite Prime Ministerial suggestions that the societies would do well to do nothing, except wait for their competitive environment to improve, the societies themselves have quite different ideas.

In their eyes, the major difficulties now facing them are largely a direct consequence of the Government's tight monetary strategy and it is home owners who will have to pay the price.

They say they cannot conduct their business on the type of half-promises received about an eventual lowering of interest rates in the economy and that, faced with a growing shortage of funds and stronger than ever demand for loans, action is imperative.

The societies are not impressed with the Government's handling of the affair. They regard Mrs. Thatcher's efforts to dissuade them from raising interest rates, by using up their "very substantial reserves," as a hasty and ill-conceived attempt to prevent something made necessary by her own Government's policy decisions.

Above all, they find it hard to believe that at least some Ministers had apparently not thought through the consequences of their strategy on the mortgage market and even begun to appreciate that higher building society rates would be regarded as essential.

For the Government, a building society decision to raise interest rates beyond a level never before contemplated will represent an early and major embarrassment, although it will hardly wipe out the benefits of Sir Geoffrey Howe's first budget, as those Ministers who were appalled at the prospect of record mortgage rates were last week suggesting.

An increase of one percentage point in mortgage rate would, in fact, raise borrowers' overall debt payments, after tax relief, by £240m in a year, compared with the £400m in extra allowances coming in this month in the wake of the budget. The millions of non-owner occupiers would naturally escape altogether.

Any move will, however, prove extremely unpopular with supporters of a party dedicated to the idea, and continuing spread, of home ownership and it is not surprising that the Government's non-interventionist stance was apparently at one stage on the verge of being overturned on this particular issue.

So with the Government braced for a nasty shock to its system just two months after taking office, the societies have been left alone to make their own decision.

The outcome, as they have been making unofficially clear over the last few days, looks like being a mortgage rate of almost 13 per cent against the current 11¾ per cent figure and the record 12¼ per cent rate which lasted from October 1976 to April the following year. A little over 12 months ago, the home loan rate stood at just 8½ per cent, its lowest level since 1971.

There is still an outside chance of a compromise solution, possibly involving an increase in investors' rates not totally matched on the mortgage side, though such a plan will not be readily acceptable to the smaller societies. In any case there is a general feeling that the time for a bit of ordinary commercial logic has come.

The societies' case rests simply on their current inability to meet demand, forecasts that the situation is unlikely to improve materially and what they see as their moral commitment to offer 20m investors a fair return on their money.

According to the societies, the increase in interest rates introduced last November did not fully restore their competitive position in the money markets but it was considered sufficient in the light of projections at the time that rates generally would fall.

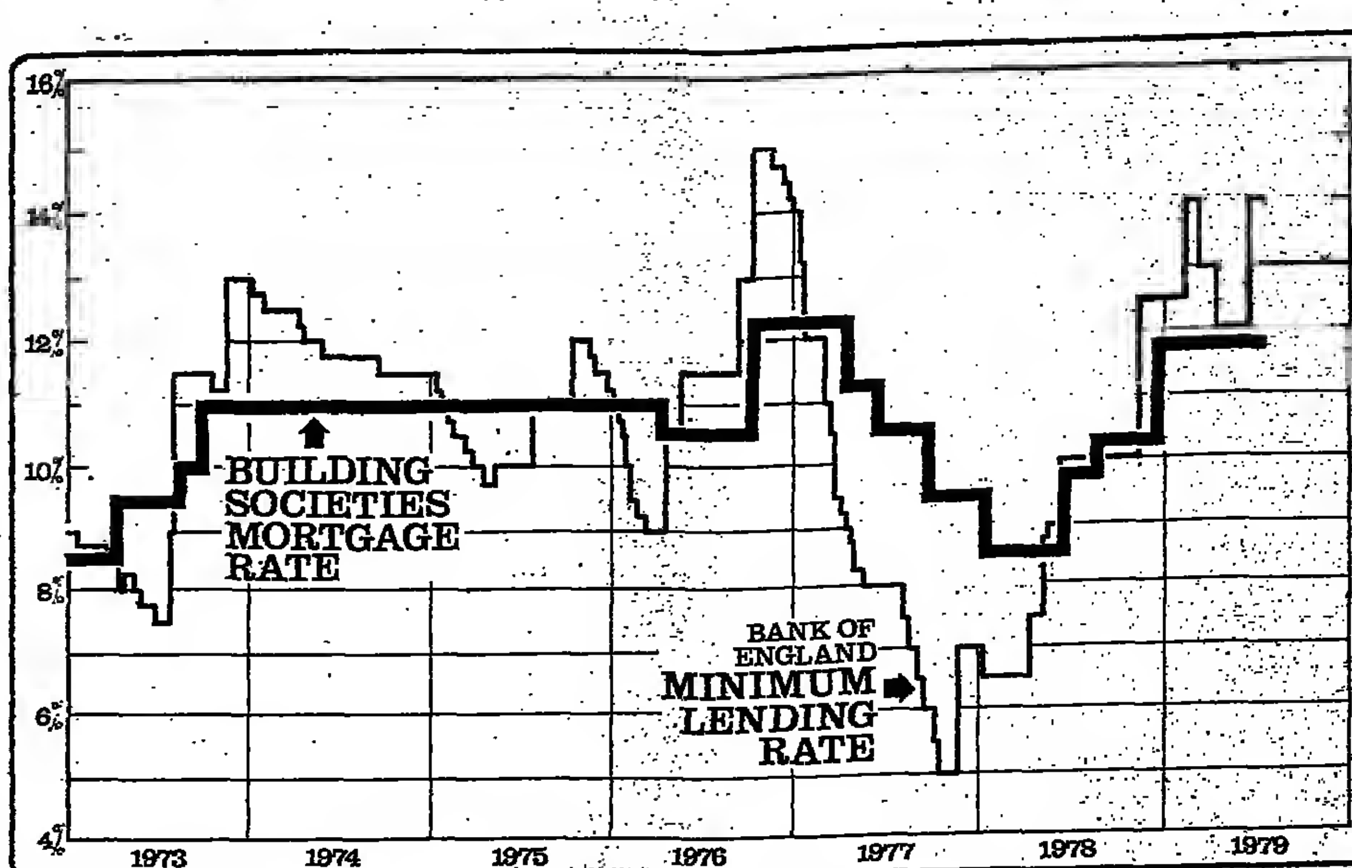
Longer queues

With net monthly receipts running at roughly £300m a month, mortgage lending targets were set at around £700m monthly against nearer £800m earlier in 1978—a performance which they believed could be sustained without further reductions in the societies' liquid funds.

But the societies were only too well aware that mortgage queues were huge and getting longer and that they could easily have advanced £850m a month or even more given sufficient funds and freedom to lend what they could, neither of which they had experienced for a long time.

When MLR rose again in February, the societies appeared determined to ride out one further blow to investment receipts but by May some societies were beginning to realise that an increase in rates was likely to be necessary.

MLR was again on its way down but receipts were still short of the volume required to cope with mortgage demand. There was already talk of passing on to investors any benefits arising out of the societies' new composite tax rate, now being calculated by the Inland Revenue.



The tax is paid by societies on behalf of their investors—regarded by the clearing banks as an unfair competitive advantage because it is paid at a level below basic rate—and will be reduced this year in the wake of taxation cuts in the budget.

With the budget announcement of a 2 per cent hike in MLR, all expectations of an adequate investment inflow and all talk of small increases in investors' rates ended abruptly.

The short-term effect of Sir Geoffrey Howe's measures was to leave the societies with a net inflow during June of around £120m against a figure of £309m in the previous month. It was the lowest monthly total recorded since January 1977. Over £70m was thought to have been taken out to finance pre-VAT increase spending. At one stage in the month investors were taking out more money than was being deposited.

The MLR rise was quickly followed by other market rates and, to make matters worse for the societies, the cut in the basic rate of income tax reduced the gross value of their 8 per cent share rate to 11.43 per cent from 11.94 per cent. At the end of the day, the budget left the societies about 2½ per cent adrift of their principal competitors, such as the local authorities, an uncomfortably large gap which has in the past never been allowed to remain for very long. On the societies' own calculations, the industry as a whole stands to lose about £60m a month for each percentage point being offered below market rates.

The options facing them tomorrow are clear. They can bow to Government pressure (Ministers are anxious to emphasise that a friendly morning chat does not constitute intervention) by leaving rates alone, with perhaps a minor rise in investors' rates in anticipation of the composite rate cut. This, however, would result in a substantial cut in mortgage advances, possibly to around £500m a month from the current £700m level.

Any higher advance programme would, without interest rate changes, necessitate a reduction in liquid funds and the societies believe that there is little room left to lower the current 17½ per cent average figure, which represents about £7.4bn (or almost one year's total lending).

They firmly reject Mrs. Thatcher's suggestions that the answer to what she saw as a short-term problem could be overcome with recourse to these funds (the Prime Minister referred to the societies' reserves but in the absence of further clarification is assumed to have been talking about liquidity). The societies point out that they have existing mortgage commitments of nearly £2bn and that the liquidity ratio can be expected to fall to 16½ per cent within the next three months, an uncomfortably low level for an industry more used to a figure in excess of 20 per cent and which regards such a ratio as sound financial strategy.

But with reserves—as distinct from liquid funds—estimated at over £1.5bn, the socieities can be expected to be accused of excessive caution, even greed, if they decide interest rates must rise immediately.

A decision to raise rates will this time centre on what mortgage rate is acceptable. The societies are particularly aware that in introducing a home loan rate in the region of 13 per cent many existing home owners will be badly hit, particularly those who took out mortgages at 8½ per cent just over one year ago. They do not believe, in the light of past experience, that a record mortgage rate will have an significant effect on demand for new loans, though home ownership will clearly become impossible for some who were planning it.

Although the sums show that the investors' rate should go to 9.75 per cent from the current 8 per cent if the societies' modestly successful pre-budget position is to be restored—implying a mortgage rate of 14 per cent — it is commonly accepted that 13 per cent represents the upper limit of acceptability.

Extension option

The societies emphasise that most borrowers will be able to extend repayment periods rather than face higher monthly commitments, although the number eligible is falling with the growing number of fixed-repayment endowment loans now being arranged.

But the societies tend, as always, to deflect the debate away from talk of the "groaning burden" placed on the back of home owners—even 13 per cent after tax relief would be cheap, they say—and remind the critics that building society investors are entitled to a better deal than the one they have been receiving.

If rates do rise, tomorrow's anyone expecting the announcement to be accompanied by a pledge that the "record" levels will be short lived may be in for a disappointment. The societies will be anxious to see competitors rates fall back below theirs, so that a strong flow of funds will help restore liquidity and support a larger lending programme, before they consider cutting their own rates.

They seem unlikely to respond to cuts in MLR and other competitive rates until net monthly receipts have returned to over £400m a month.

For the societies, this year will be a disappointing one. they expect to lend about £8bn against £8.7bn in 1978, with the number of actual loans arranged falling to about 680,000 from last year's peak of 802,000. But at least they are talking in terms of their best ever year in 1980, with high hopes that both the volume of new money coming in and mortgage lending will break all records.

An upwards adjustment now in interest rates should provide them with a sound basis on which to proceed, although the events of the past few days must reopen the question of whether or not such a powerful group of financial intermediaries should expect to enjoy a comparative freedom from government regulation which has become deeply treasured and jealously guarded.

MEN AND MATTERS

A Friday 13th like any other

As Britain's home-owners (as they are euphemistically called) face up to the near-certain introduction of the highest mortgage interest rate in history, only the few oldsters on a fixed rate can look forward to tomorrow with equanimity, or so it might be thought.

In fact, the expected announcement by the Building Societies Association will be greeted with smiling indifference by the staff of the building societies themselves. The Halifax tersely declined to say anything about its internal rate: "We consider it a matter between our staff and ourselves." But the BSA itself tells me the societies are charging between 4 and 5 per cent, "mostly at a fixed rate."

Also safe as houses are the staff of insurance companies and banks. The Big Four all maintain an unswerving silence about just how much they are lending staff, but it needs no Sherlock Holmes to deduce that it is a large and increasing sum. Many bank employees—those borrowing money before December 1975—are paying a mere 2½ per cent, which is fixed. Those borrowing now are paying 5 per cent, also fixed.

"The essential feature," a NatWest spokesman told me, "is to facilitate mobility of staff in serving our operational needs." The hint of nervousness in his voice suggests that he too has heard that the Government wants to clamp down on perks. With a general mortgage rate of possibly 13 per cent, a 5 per cent loan begins to look like one of the best perks going.

Tiny difference

There has been some very fine arithmetic inside Cheapside House. After acquiring SUITS, Lonrho has been moving ever closer to the point where it will have 30 per cent of the House of Fraser. Managing director, Tiny Rowlands must then make a bid under the takeover rules.

But Lonrho is not quite ready for that moment. The situation gives particular interest to a statement put out yesterday by House of Fraser, saying it had been advised that on July 6 Lonrho increased its holding to 37,380,000 shares.

That amounts to 29.9976396 per cent; or to put it another way, if Lonrho acquires a further 2,942 shares, it will go over the top.

Ali's footsteps

The financial plum of staging a match to find a successor to Muhammad Ali has been snatched by a South African hotelier, Sol Kerzner. He admitted yesterday that he was investing "well over R1m" (£530,000) to set Gerrie Coetzee, a former dental mechanic, against black American Big John Tate for the World Boxing Association heavyweight title.

"But our objective is not motivated by profit," proclaimed Kerzner. "Our purpose is to attract tourism and to promote South Africa." The fight will be on October 20 in a Pretoria rugby stadium, and at the U.S. end of the axis is Bob Arum of Top Rank. He has already sold rights to one of the three big American TV networks.

For all Kerzner's declaration of high-mindedness, he is hoping to sell 85,000 tickets at an average of more than £18 a time. This will cover his investment several times over.

So everything seems to be in the bag. All we have to wait for is a comment from Ali on the quality of the fighters and the setting for their encounter.

Fun in the sun

The Treasury's investigation of business perks could lead to tighter tax rules about "conventions in the sun"; if so, cries of anguish may be expected from those palm-fringed shores where executives now combine lectures with leisure. A U.S. law which since 1977 has disallowed tax deductions for such gatherings has been painfully affecting Bermuda, where tourist revenues are 44 per cent of gross domestic product.

"We know we have lost close on 100 conventions because of the law," says Colin Selley, director of the island's tourism department. Next week, he and Tourism Minister Jim Woolridge will be going to Washington to lobby against the law.

They will also be attending a Senate finance sub-committee hearing, on a bill being put forward by Barry Goldwater. This would repeal the 1977 law. The U.S. drive to keep the revenue from conventions at home has annoyed the companies as much as favoured vennes such as Bermuda, the Bahamas and the British Virgin Islands.

A particular irritant is the rule that foreign hosts must sign vouchers to prove that the businessmen attend every lecture, rather than just lolling idly on the sand. How fortunate that our executives would never need have to be dragooned in so humiliating a manner.

T for two

Chrysler Europe's — alias Talbot's—new symbol has a familiar look to the staff of Tata Ltd, one of India's biggest and best-known companies, with offices in London's Grosvenor Square. The Talbot symbol, of a "T" within a circle bears a striking resemblance to Tata's "T," also enclosed in a circle. It adorns, among other things, Tata trucks.

"If they were putting it on butter it wouldn't matter at all," I was told by Tata's deputy managing director in London, William Haylea. "We'll be drawing the matter to the attention of our people in Bombay."

Slow burn

There is a smouldering irritation in Cuba about the abrupt closure of the free market in cigars. One-third of the 150,000 acres under leaf has been ravaged by a disease known as Blue Blight, and Fidel Castro has introduced emergency measures.

In exchange for ration book token, smokers (but not women smokers) are being allowed a mere four cigars a month. Perhaps to soothe the nerves of deprived smokers, these cost only 7p each, one-eighth of the normal price.

Readers have no immediate cause for alarm, however. While tobacco workers suffer withdrawal symptoms amid plenty, the export market, along with diplomatic missions and long-haul fishermen will be kept supplied as before.

To coin a phrase

Advertisement in an Essex newspaper: "Middle-aged man, 20 years a taxi-driver, needs change."

هكذا من الأجل

ECONOMIC VIEWPOINT

Unions need equality before the Law

JUST AS war is too important to be left to generals, union law is too important to be left to lawyers and industrial relations experts. Innumerable opinion polls have shown that the great majority of people, including union members, believe that the unions have too much power. But it is much easier to agree on this than to analyse exactly what is excessive about that power and from where that power is derived.

It was for precisely this reason that at the outset of industrial troubles last winter, I took the rare course of advocating a Royal Commission which would look into the economic aspects of union power. It is too easy to assume that any legislation which is anti-union — in the sense that the TUC opposes it — is automatically beneficial; just as it is for those on the other side of the fence to reply with charges of "extremism" and "confrontation."

Disquieting

Some of the proposals in the Government's *Working Paper* are desirable, some dubious and some unimportant. But I fear that because they are in the Industrial Relations — or "IR" — tradition, and not based on economic analysis, they will not go to the roots of the problem. Worse than that, the language of the Working Paper underwrites some of the most disquieting features of the collective bargaining system; and legislation based on it will, unless very carefully framed, do the very same thing. This does not mean that I would rush in immediately with more hawkish proposals. If fundamental reforms are not politically practical, it might be better to wait until they are.

From a non-IR point of view, the root of the problem is that of monopoly power; and monopoly is harmful, whether exercised by private enterprise barons in top hats, oil sheikhs in flowing robes, or union leaders in neat grey suits. The basic evil of monopoly is its power to exclude non-conformists, whether it is IATA putting pressure on airlines who want to cut "official" fares, or union leaders depriving of a livelihood a worker willing to work on non-union terms.

The economic costs of entrenched monopoly groups are great enough. But the cost in human terms is very much greater. Union monopolies interfere with the right of human beings to sell their labour on terms of their own choice. This is the primary evil. It would still be there even if all unions were led by "moderates" and all shop-stewards were regular attenders at Conservative garden parties.

From this primary evil, others of a more directly economic nature arise. These include restrictive practices, the pricing of workers out of employment and the pressures that the resultant unemployment imposes on Governments to attempt, with less and less success, to alleviate the joblessness with inflationary financial policies.

If it really were true that the present collective bargaining system was responsible for the great increase in workers' living standards in the past century, than this important benefit would have to be weighed against the other evils. Unions are indeed valuable as a means by which thousands of employees in large, anonymous concerns can express a view on their treatment and conditions of work. The main forces raising real wages have, however, not been union wage bargaining but technological improvement and the competition of employers for workers.

It would be idle to deny that collective hargaining based on the strike threat can increase the real wages of those who remain amployed in a particular industry. Bnt the gains are achieved at the expense of other workers, including other trade unionists, or thosa priced out of work. This must be so whan investment income (including interest on Government securities) accounts for scarcely 5 per cent of personal income before tax and when there is very little left to squeeze from the capitalist class.

SOURCES OF INCOME

INCOME FROM EMPLOYMENT, SELF-EMPLOYMENT, INVESTMENT AND TRANSFERS AS SHARE OF TOTAL

Income group	Employment	Self-employment	Investment	Transfers
Top 1 per cent	51.6	26.5	20.5	1.4
2-5 „ „	79.7	9.6	8.4	2.3
6-10 „ „	88.1	4.7	4.6	2.6
Top 10 „ „	76.8	11.4	9.6	2.2
11-20 „ „	89.1	3.8	3.3	3.8
21-30 „ „	88.8	3.6	3.0	4.6
31-40 „ „	85.0	4.3	3.3	7.4
41-50 „ „	80.5	5.4	3.4	10.7
51-60 „ „	74.6	5.6	3.4	16.4
61-70 „ „	65.6	5.3	3.6	25.5
71-80 „ „	58.7	4.7	3.2	33.4
81-90 „ „	54.6	4.1	2.6	38.7
91-100 „ „	58.8	3.2	1.5	36.5
Total	78.7	6.2	4.9	10.2

Source: Royal Commission on Distribution of Income and Wealth, Report No. 7

But even if that percentage wara larger, or if the 5 per cent were itself found morally repulsive, then it would still ha untrue that a direct attack on the remaining return to capital would benefit workers *en masse*. An economically literate Marxist would argue for the transfer of productive assets to collective ownership. A more individualist radical would want a more widespread distribution of investment income (for instance through a People's North Sea Equity). But neither could deny that simply raising real wages at the expense of profits would simply increase the unemployment totals.

If we are to seek the source of coercive union monopoly power, we might do well to start from tha analogy of enterprise monopoly. The usual statistics of industrial concentration are a bad measure of monopoly power. An industry can be highly competitive, even if two or three prodncers account for most of the sales, provided that barriers to new entry are low.

There is thus nothing inherently monopolistic in a collective agreement between an employer and union bargainers. Even a closed shop confined to a single non-monopoly firm would do no great harm if there were plenty of other opportunities for workers preferring to work on different terms. The closed shop is in practice coercive because it is usually union policy to attempt to anforce it in antire industries; and to pillory as "scabs" individnals willing to work for their market wage, if that is below (or sometimes above) the union rate.

There is a statement on Page Ona of Mr. Prior's Working Paper that "employers and unions have long bad practical reasons for entering such (closed shop) agreements." This is a non-argument. It has been known since Adam Smith that employers often find agreements in restraint of trade desirahla. Nor is it sufficiant that closed shops should have "tha wholehearted consent of the workers concerned." Workers in a particular industry may rationally give their wholehearted consent to attempts to raise their wages by keeping out new people and new methods; even though when such attempts are repeated throughout the economy every one is worsa off.

All that the Working Papar proposes is that workers employed before a closed shop agreement comes into force or "those with deeply-held convictions" should be *compensated against dismissal*. The possibility of preventing dismissal is not even discussed. Tha Working Paper, indeed, speaks of a statutory code giving "practical advice, based on best current practice, on introducing and applying closed shops." It may not be practical to ban immediately the closed shop—as it is banned in many other countries. But at least Mr. Prior might be prevented from specifically sanctioning what be cannot stop.

The Secretary of State's second proposal, for State finance for union elections and strike ballots, may seem on the other hand the merest common sense. But on reflection, donbts arise. If unions have many monopolistic features and are judged by Labour as well as Conservative voters as being too powerful, why should they be subsidised from public funds? The pragmatic argument for doing so depends on the belief that the evils of union power arise from a few extremists who could be outvoted. But they may just as well arise from the rational exercise of monopoly power by "militant moderates."

If the arguments on union-backed finance are evenly balanced, they are overwhelmingly against another proposal—not in the Working Paper but still on the agenda—to make unions responsible for financing strikes through their own funds. It is really in the public interest to build up unions' financial strength—like building up armaments in the international arena so that different groups of workers can fight industrial battles? Of course the State should neither finance strikes nor let strikers' families starve. But the best way out is to treat social security pay for strikers' families as a loan to be recovered via higher PAYE deductions on return to work. This would avoid the absurdity of trying to cope with union power by trying to build up union funds.

The picketing proposals also compel the non-lawyer to ask a few very simple questions. Picketing is defined in the 1974 Trade Union Act as "attending" for "the purpose only of peacefully obtaining or communicating information, or peacefully persuading any person to work, or abstain from working."

Face value

Taken at its face value this right of peaceful persuasion belongs to every citizen. Its exercise might, in the absence of special legislative safeguards, involve trespass; but even this would not occur if pickets were outside rather than inside places of work.

The cat is let out of the bag by the reference in the working paper to actions for "picketing-induced" breaches of contract. How far it ought to be actionable for someone to persuade other people to break contracts, as distinct from breaking them himself, is a civil law question on which I do not want to leap in with an instant view. But whatever the law is, it ought to be the same for trade unionists as for everyone else.

This brings me to the heart of the matter. It is equally authoritarian and harmful to try to "bash the unions" as it is to give them special privileges. The ideal ought to be that trade unionists and their leaders should be subject to the same common and statute law (including that governing monopolies and restrictive practices) as every other citizen.

The working paper refers to the Government's "review" of the existing law on trade union immunities" — immunities which were granted in entirely different historical circumstances.

Another reference is to the "increasing use of intimidation," which of course is light years removed from the innocent definition of picketing. It proposes a reserve power for the Secretary of State to draw up a code "covering all aspects of picketing," but only if attempts at "comprehensive and effective voluntary guidance" were to fail. There is a case for rules and conventions covering the grey area between peaceful conversation and throwing bricks; but such rules are as important for so-called primary picketing as for secondary picketing, boycotts or blacking.

It is not necessarily a good idea to challenge the unions on all fronts at once, especially if some of the challenges are for a dubious cause. Mrs. Thatcher's frequently reiterated statement that the Government will not print money to protect workers or *enterprises* from wage increases they cannot afford is challenge enough. So is the limiting of state aid to lame duck industries, on however gradual and cautious a basis. It would be sufficient achievement if the Government would persevere with these policies (which have often been announced before — by Mr. Healey as well as Mr. Heath—but never followed through) while ensuring that the full resources of civilisation under the existing law are used against intimidation, wherever it occurs; and if the Government for once were found with sufficient contingency plans to keep essential supplies flowing in industrial emergencies. A battle over Industrial Relations law would be best postponed until the other challenges have been carried through and we have a much better idea what exactly it is that we want union law reform to achieve.

Samuel Brittan

Letters to the Editor

Local authority funds

From Mr. R. Nottage.

Sir,—The Government, like its predecessor, seeks to limit its grants to local authorities. As a result cries of anguish fill the air, and in the months ahead the media will have many a field day publicising hardships and misfortunes that must stem from expenditure cuts on education and social and other services which local authorities provide for the good of the community or to individuals in need.

While all this turmoil racks our emotions and takes a heavy toll of the Government's popularity, the taxpayer will continue to build up the already substantial and never-to-be needed local authority pension funds at a spanking pace.

In 1976 those funds took in £700m to meet pensions that year of only £200m—according to Treasury evidence to the Wilson Committee. By March 1977 they had assets worth over £5bn. They will have forged further ahead since then.

If the Government, with Parliament's approval, were now to require the local authorities to discontinue the employers' contributions to these funds and at the same time gave the authorities an undertaking to meet any revenue deficit the funds might encounter at a future date, the Exchequer could be saved best part of £500m a year forthwith—and with no political pains or grief whatever.

The employees covered by the local government superannuation scheme would suffer no financial risk or loss. Indeed, some might well be less liable to redundancy than they are at present. In case this course of action should be thought unwise, may I recall that the Government Actuary told the Wilson Committee that "there seems no compelling reason why the local government scheme should be funded. That it is funded arises mainly from reasons of history."

The local authorities' pension funds do not, in fact, cover all local government employees. Teachers, firemen and policemen have no such funds to support their pensions. Neither do NHS employees, civil servants and members of the armed forces. As their present funds would continue in existence, local government officers would be at an advantage over all other public servants. They would merely sustain an imperceptible reduction in the excessive degree of security to which extravagant Governments have hitherto subjected them.

Raymond Nottage.
Reform Club,
Pall Mall, SW1.

Outlook for pensions

From Mr. M. Brackenbury.

Sir,—I have been very disappointed in recent weeks by the failure of Conservative Members of Parliament to detect the mathematical fallacy in the Labour Party's guarantee to link pensions to the higher of the rise in earnings or prices, and thus to silence their complaints in the House of Commons once and for all.

The last Government figures for industrial average earnings were £83.50 in October 1978. Taking a rather optimistic guess of £90 for the figure when the new pension rate for a married couple comes into effect, it is possible to construct the following table based on the unlikely but not impossible situation that prices rise by 20 per cent and earnings by nil in one year, and that earnings catch up and prices do not rise in the following year. This produces the following figures:

	Increase in Earnings	Increase in Prices	Ind. Average Earnings £	OAP (Couple) £
1979	Starting point		90.00	37.30
1980	0%	20%	90.00	44.76
1981	20%	0%	108	53.71
1982	0%	20%	108	64.45
1983	20%	0%	129.60	77.35
1984	0%	20%	129.60	92.81
1985	20%	0%	155.52	111.37
1986	0%	20%	155.52	133.65
1987	20%	0%	186.62	160.38
1988	0%	20%	186.62	192.46

Clearly, I have taken a very extreme example in order to save expensive pink paper. The point, however, which any mathematician will immediately see is that in every year when the rise in prices exceeds the rise in earnings the old age pension will draw nearer to the industrial average, and in the other years it will never lose ground. Thus, assuming that the figures continue to fluctuate from one to the other, which is the assumption inherent in the Labour Party's ill-advised pledge, the day must come sooner or later when the old age pension for a married couple exceeds average industrial earnings, and therefore the workers of this country would be desperately trying to keep the ever increasing proportion of retired citizens at a higher standard of living than their own.

No doubt, when the Left Wing have achieved this first step to Utopia, their next demand will be the reduction of retirement age to 21!

Mark Brackenbury.
Sternberg, Thomas Clarke & Co.,
Salisbury House,
London Wall, EC2.

Highly favoured smokers

From Mr. D. Townsend.

Sir,—In the run-up to the Budget, it was speculated that Duties calculated by reference to quantity, such as apply to tobacco and spirits, might be phased out and replaced completely by ad valorem Duties which would vary directly with the basic price of the product.

It is difficult to argue objectively against such a modification. Such a move would simply bring Duties into line with VAT, and, of course, ensure that the retail price of Dutiable commodities rose pro-rata with the basic price, as happens with goods and services which are subject to VAT alone. Over the past decade or so the quantity-based Duty on tobacco, spirits, etc. has not been increased in line with underlying costs, and therefore such items have become relatively cheaper (and yielded less revenue for the Exchequer) than the normal run of goods and services.

For example, under the current rather byzantine mixture of specific (quantitative) Duty, ad valorem Duty and VAT which applies to cigarettes, a 20 per cent increase in the basic retail price would result in a total retail price increase (after Duty and VAT) of only 9.8 per cent. Contrast this with other everyday requirements, toilet soap for example, where the full 20 per cent increase would flow through to the consumer via VAT.

In view of the preoccupation with income tax and VAT, it was not very surprising that the Budget did not in the event contain proposals for correcting this anomaly. What is surprising—not to say incredible—is that the Finance Bill appears to exacerbate the inequity. The Bill (Clause 3) contains a proposal for an innocent-looking decrease in ad valorem Duty on cigarettes from 30 per cent to 21 per cent and a compensating increase in the specific (quantitative) Duty from £9 per thousand cigarettes to £11.77 per thousand. The overall amount of tax and Duty per thousand cigarettes and the total estimated yield to the Exchequer—£2.5bn—is virtually unaffected—at current prices and conditions.

At some not too distant point however, when the underlying price has escalated by 20 per cent, I estimate that as a direct result of Clause 3, there will be a loss of total tobacco tax revenue amounting to £49m and the actual increase in the total retail price of cigarettes in the shops will have reduced to 8.3 per cent compared with the 9.8 per cent previously mentioned. Unquestionably the smoker is to become even more highly favoured—at the expense of the user of toilet soap.

Government policy would appear to be the encouragement of smoking and the discouragement of washing, by fiscal measures. Is this the way to revitalise the British economy?

D. A. Townsend.
11 Janmead,
Hutton, Essex.

The buzz in Portugal

From Mr. J. Sturdy-Morton

Sir,—While on holiday in Portugal, I noticed that there too Buzby (the bird for whom there is no closed season) is used to advertise the national telephones. Can we hope that Buzby is emigrating, or was it a simple case of migration?

Julian Sturdy-Morton.
69, Dawes Road, SW6.

Post Office monopoly

From the Chairman, Air Call

Sir,—Last week there was a lot of speculation in the media as to whether Sir Keith Joseph's remarks implied the end of the letter and telecommunications monopolies. I believe most of these hypotheses were ill conceived as they do not convey either the problem or tha solution.

The problems are threefold. Thare is the breakdown of basic postal and telephone networks usually due to industrial action of one kind or another. There is the nse of monopoly to hamper or frustrate provision of any service and commodity from outsiders, even though the Post Office is not providing such a service itself, such as an international facsimile hureau service. There is the use of monopoly to make ordinary nsers and subscribers, who have no alternative, pay, in the way of subsidies, for some expensive Post Office or minority service to make it competitive with that provided by outside suppliers sucb as couriers and two-way radio services.

Most European countries have a written constitution which protects freedom of information and its transference on a public and personal basis. This measure usually gives the citizen right of redress against any misuse of the absolute monopoly of tha post, telephone and telegraph. For instance, independent facsimile operators in France cannot now be stopped by the PTT as it would conflict with the constitution even though the British Post Office's overseas plans rely on an absolute PTT monopoly in each European country.

In the UK, when the Post Office Act was passed, the Conservatives endeavoured to have some protection for the public in giving Parliament rights to licence competitive activities. The Socialists, bowever, preferred to leave protection of the public in the hands of a powerless Quango called the Post Office Users National Council and Post Office managers themselves.

It would be much more salutary if the Secretary of Industry instead of issuing statements or threats were to immediately lay before the House legislation which would give Parliament the final say on licensing any competitive activity. These powers could then be used whenever any of the aforementioned misuses of monopoly take place. The basic principles of a monopoly postal and telephone trunk network is not in question as far as I know.

J. O. Stanley,
176-184, Vauxhall Bridge Road,
SW1.

Private cable companies

From Messrs. G. Baker,
D. Woolner and A. Watson

Sir,—There has been publicity recently regarding the cessation of private cable companies' licences in 1981. The licences permit competition in an area where speed and efficiency count. Although private cable companies will continue to provide other telecommunications services after 1981 — some of which are more profitable than telegrams — the Post Office will have sole right to accept or deliver telegrams in this country.

The Post Office claim is that in view of its financial losses, it should close its competition, thus helping it to lose less money. What other industry can aim to cut losses or make a profit in this way?

In competing for telegram business, private companies have always been at a disadvantage in that the public is generally unaware of their existence. Despite this private cable companies are known and relied upon by a small but significant section of industry and commerce who continue to require an efficient telegram service.

It is most unlikely that the demise of private cable companies will have any positive effect on the quality of the Post Office telegram service and the volume of cables now handled privately will provide a miniscule addition to Post Office revenues.

G. G. E. Baker.
D. Woolner.
A. Watson.
2, Derwent Lodge,
Buckingham Road, Brighton,
East Sussex.

Productivity in coal

From Mr. D. Brewer

Sir,—Mr. A. Holland's comment (July 5) that the productivity of British mineworkers does not remotely approach that of other countries is manifestly untrue. It is higher than in countries with such diverse economies as France, Belgium, Spain, Japan, the USSR, Poland, Czechoslovakia, China, India and South Africa.

There are only three major deep-mined coal industries with higher productivities. The U.S. and Australia have much better records because their geological conditions are vastly superior. West Germany has marginally higher productivity because the geological conditions are slightly better. In the East Midlands, the performance matches that in West Germany.

Mr. Holland implies that British mineworkers should be paid according to their productivity. In that case, compared with West Germany, the NUM's recently formulated claim is inadequate! On this basis, a face-worker in Nottinghamshire should be paid £10,000 a year!

It is true that productivity in Britain rests on a plateau. That is also true in practically every major deep-mined coal industry. In the U.S. underground productivity has declined by about 30 per cent over the last few years because of stricter safety regulations. During that time safety standards in U.S. mines have improved in comparison to Britain from non-existent to rudimentary.

Nevertheless, there is a case to answer. Let us consider a few facts. A British mine of average age was sunk in Victorian times. In an extractive industry such capacity cannot support continually increasing outputs or even maintain present output. As each year passes, the immediately available reserves become deeper, thinner, more geologically disturbed of poorer quality and further from the pit-bottom.

It is overwhelmingly apparent that the solution is new sinkings to develop the enormous reserves recently discovered outside existing mining areas and not some absurd re-organisation plan.

D. Brewer,
1 Harewood Road,
Holymoorside,
Chesterfield,
Derbyshire.

Today's Events

GENERAL

UK: Mr. Kurt Waldheim, UN secretary-general, meets the Prime Minister.

Government, NCB and NUM meet to discuss increased grants for coal industry.

Mr. Martin Trowbridge, Chemical Industries Association director general, leads delegation meeting MPs to express concern over energy supplies.

Transport and General Workers Union conference continues, Scarborough.

National Union of Mineworkers executive meets.

Overseas: Bundesbank Council meets in Frankfurt.

Seven tin producing nations meet in Jakarta to discuss next tin agreement.

Ex-President Nixon meets deposed Shah of Iran in Mexico.

Food and Agriculture Organisation world conference on agrarian reform and rural development, Rome.

PARLIAMENTARY BUSINESS

House of Commons: Education Bill, remaining stages.

House of Lords: Pensioners' Payments and Social Security Bill, all stages. Social Security Revaluation of Earnings Factors Order. Army, Air Force and Naval Discipline Acts continuation Order. Debate on the 16th report of the EEC on textile and clothing industry. Short debate on Home Office circular on juveniles and co-operation between police and other agencies.

COMPANY RESULTS AND MEETINGS

See Company News on Page 27.

Bulmer slips to £2.52m but forecasts improvement

AS FORECAST the taxable profits of H. P. Bulmer Holdings, the cider group, slipped back in the year to April 27, 1979. The surplus declined from £2.72m to £2.52m on sales ahead from £36.66m to £40.39m, but the group is looking for an improvement this year.

The pre-tax profit was struck after increased interest charges of £1.11m, against £779,000, and the directors also stress that the second half of last year benefited from an exceptional gain of £1.27m from an increase in returnable container deposits.

They add that when the exceptional items are stripped out profits improved by £793,000, and that the quality of earnings significantly improved during the year.

In addition Price Commission action last year prevented the recovery of £1.5m of unavoidable price increases. There should with the abolition of the Commission be a long over due improvement in margins this year, add the directors.

But the Board says the company has started the current year encouragingly and it anticipates a worthwhile profits improvement. Cider volumes in the first two months are up on the same period last year. However the directors say that it is too early to judge the effects on this year's results of the Budget which put about 2p a pint on cider and the increased interest charges and fuel costs.

The Board adds that capital spending this year will be £3.4m, compared with £2.5m in the year under review.

At midway when the taxable surplus was up from £1.15m to £1.92m the directors warned that year-end taxable profits were unlikely to exceed those of the previous year. They pointed out that the group benefited from an exceptional credit in the second half of 1977-78.

The directors now point out that net borrowings rose by £2.6m to £7.5m, mainly to fund increases in working capital. The main reason for the increase in stocks was the large purchase of apples.

However, the company remains in a strong financial position with group net borrowings at April this year only a third of shareholders' funds totalling £22.6m.

Net borrowings are expected to rise another £1.5m to £9m at the end of this financial year, but will remain well within the group's available facilities.

Last year the company prepaid all outstanding instalments on medium-term loans totalling £1.1m at April 1978.

Trading profit was £1.1m ahead at £3.9m. While all trading activities showed improved results the recovery in group trading profit was mainly attributable to the £1m increase in the cider and pectin trading profits.

Freddie Mansfield

Mr. Peter Prior, chairman of H. P. Bulmer.

At the half way stage cider sales volume was 3 per cent below that of the first half of the previous year. While there was some recovery over the Christmas period, the severe winter offset this improvement, and cider sales volume fell short of that for the previous year by a similar percentage.

	Year 1979 £000	1978 £000
Sales (excl excise duty and VAT)	40,385	36,660
Cider & pectin	38,828	35,650
Wines & spirits	1,557	1,055
Trading profit	3,920	2,797
Cider & pectin	3,693	2,650
Wines & spirits	147	140
Property	80	7
Interest payable	1,105	779
To minorities	4	—
Profit before except. items	2,811	2,016
Exceptional debit	192	*800
Employees def. profit sharing	104	100
Profit before tax	2,515	2,716
Tax	364	398
Profit after tax	2,151	2,320
Exchange gains	26	5
Extraord. credit	100	†86
Attributable	2,277	2,240
Preference div.	128	67
Ordinary divs.	790	677
Retained	1,359	1,496

* Credit. † Charge.

Against this disappointing performance, the significant recovery in trading profits reflects the success achieved in improving operating efficiency and holding costs down.

The acute raw material supply problems which affected the pectin activity in 1977-78 were successfully overcome during the second half of 1978-79, and an improved contribution was achieved for the year as a whole.

Tax for the period takes £364,000, against £398,000, and stated earnings per 25p share are down from 21.98p to 19.6p.

The final dividend of 2.701p net lifts the total from 6.6p to 7.659p.

• comment

The figures from H. P. Bulmer look unexciting, but there have been some important underlying improvements to the group's position. Thus despite the effects of a dismal winter, which led to a decline in cider volume, profits improved usefully last year after allowance for the exceptional credits from higher bottle charges which boosted the figures for 1977-78. Moreover, Bulmer's storage facilities are fully stocked with apple juice after the bumper apple harvest, and this secures the group's raw material supplies and stabilises costs, for up to two years ahead. Another crucial development came last month with the implementation of price rises of around 8 per cent, timed to coincide with the VAT rises, as the group shook itself free from the shackles of the Price Commission which is said to have cost Bulmer £1.5m through its intervention last year.

The latest price rises are worth about £2.5m to revenue in a full year, and volume has been firm in May and June (though this could be deceptive because of stocking up by the trade). At 176p the yield is 6.4 per cent covered well over twice, and the shares look solidly placed at this level.

SHARE STAKES

Greenbank Industrial Holdings—J. E. Williams has disposed of 23,500 shares. His holding now stands at 1,804,852 shares (7.16 per cent).

Gestetner — USF nominees have purchased a further 10,000 ordinary, increasing their holding to 32.5 per cent.

Hollas up over 22% to £1.54m

ASSISTED BY its re-equipment programme which has already resulted in higher profitability due to greater efficiency, Hollas Group expanded taxable profits by 22.6 per cent from £1,257,462 to a record £1,541,470 for the year ended March 31, 1979, on turnover up by £2.26m to £21.63m.

When reporting midway profits ahead at £560,502 (£455,078), the directors said that with order books strong they were certain growth would be maintained and a continuing improvement in profitability at the year-end was anticipated.

They now look forward to a further period of expansion with great optimism. Current order books in all divisions are strong and they are confident of an improved performance in the current year.

Earnings per 5p share rose from 10.38p to 11.1p for the year, while a net final dividend of 4.25p makes a total payment of 5.233p against 4.543p.

Tax charge was £657,055 (£428,168) and there was an extraordinary debit last time of £183,484. Retained surplus emerged up from £272,389 to £467,879.

Principal group activities are processing and merchanting of yarns and fibres, manufacturing of woven labels and decorative ribbons, importation and distribution of made-up garments.

• comment

On a day when the share prices of most major textile groups were languishing around their lowest point of the year, the Hollas Group price rose 4p to a 1979 high of 74p. A 22 per cent rise in second half profits and a very optimistic chairman's forecast were the factors immediately behind the increase but more fundamentally the group is deriving support from the strength of sterling. Around 50 per cent of profits are generated by imports, while exports are modest—a very different picture from that of the industry majors. The company says margins are not very sensitive to foreign exchange movements, since much of the change is passed on to customers, and points to increased efficiency as the mainstay of improvement. Certainly the Fortwell importing division has become more profitable since reorganisation a few years ago and losses of Bona Webb have been cut back after a poor record. The Worcester operations of Webb Interlinings are being closed and moved to Lancashire, which is expected to improve the situation further. With import quotas posing no problems, the stated p/e of 6.4 looks fully justified. The yield is 10.6 per cent.

E. Elliott rises to £291,914

PRE-TAX profits of E. Elliott, plastic moulder and optical goods manufacturer, were ahead from £246,555 to £291,914 for the year ended March 31, 1979, after rising to £104,000 at six months against £63,000.

Turnover for the full period rose from £4.67m to £5.6m. Profits were subject to a tax charge of £96,883 compared with £43,357 leaving a net profit lower at £195,031 (£203,198).

On a net basis earnings per 25p share are shown as 9.37p (9.77p) and 12.21p (9.77p) on a nil basis.

The dividend payout is increased from 2.15p to 3.5p net with a 2.6p final.

After taking into account a £66,538 surplus on property revaluation, and a release of a deferred tax provision no longer required, some £1.14m is to be carried forward on reserve account.

Daejan reaches £3.33m after £1.25m provision

AS ANTICIPATED at the interim stage, Daejan Holdings, property investment group, increased pre-tax surplus for the year ended March 31, 1979. Struck this time after an exceptional debit of £1.25m, profits went ahead from £2.47m to a record £3.33m.

In February, the directors warned that the buoyant sales conditions of the first half had not been repeated in the winter months. In the event, second-half taxable profits were down from £1.44m to £1.18m.

Total income for the year increased from £8.41m to £10.37m, before financing and other charges amounting to £5.78m (£5.94m). The exceptional item comprised a £1.5m provision for property outgoings less a £250,000 provision for property acquisition costs no longer required.

The directors say that in the light of continuing inflation and the higher rate of VAT, they have decided to increase the exceptional provision for property outgoings to bring up to date the group's programme of repairs and redecorations.

Tax takes £1.07m (£0.7m) and earnings per 25p share increased from 10.5p to 13.84p. A final dividend of 2.0775p takes the net total from 2.9975p to 3.25p, costing £0.53m (£0.49m). Retained surplus emerged at £1.63m against £1.13m.

	1978-79 £000	1977-78 £000
Income	10,365	8,410
Rents and charges*	4,681	3,850
Sales of properties	5,465	4,342
Other income	219	218
Financg., other charges	5,784	5,936
	4,581	2,474
Exceptional debit	†1,250	—
Profit before tax	3,331	2,474
Tax	1,069	700
Minorities	6	13
Extraord. credits	24	61
To capital reserve	123	209
Available	2,157	1,613
Dividends	530	488
Retained	1,627	1,125
Brought forward	2,785	1,660
Carried forward	4,412	2,785

* Less property outgoings. † Comprises £1.5m provision for property outgoings less £0.25m provision for property acquisition costs no longer required.

Increase for Moorgate Inv.

Revenue of Moorgate Investment Co. increased from £289,779 to £339,280 for the year ended May 31, 1979, subject to tax of £113,280, against £100,387.

From earnings of 4.85p (4.06p) the dividend total is raised from 3.82p to 4.74p net per 25p share, with a 2.99p final.

ISSUE NEWS

Goodkind calls for £0.24m to cut bank borrowings

A £240,000 rights issue has been launched by textile group, W. Goodkind and Sons, where Mr. Stanley Wootliff has recently bought a substantial equity stake and taken over the helm.

Goodkind's rights issue is on a one-for-one basis at 25p per share. In the market the shares closed 2p higher at 64p.

The directors say the proceeds will be used to reduce bank borrowings and create a stronger financial base for expansion, particularly the activities of the property dealing subsidiary.

Earlier this year Mr. Wootliff, chairman of W. L. Pawson bought a 20 per cent stake in Goodkind at 18p a share. The shares were bought from family trusts. Mr. C. P. Frazer and Mr. R. G. Henton also took equity stakes—under 4 per cent apiece—and have been elected to the Board.

In the last accounts, Mr. Wootliff indicated that a rights issue was soon to be announced. The consolidated balance sheet last December 31 showed net shareholders' funds, excluding goodwill, of under £30,000 while borrowings stood in excess of £77,000.

All six directors have undertaken to take up their rights of 366,900 shares out of a total issue of 1m. The balance has been underwritten by stockbrokers Henry Cooke, Lumsden.

WATER ISSUES OVERSUBSCRIBED

The two latest water issues have both closed oversubscribed. Sunderland and South Shields Water's £2m offer attracted application for £4.69m of stock. The lowest price to receive partial application was £100.21, and the average price was £100.2427.

Wrexham and East Denbighshire Water attracted applications for the £2m offer amounting to £7.77m. The lowest price to receive partial allotment was £100.21 and the average was £100.255.

In both cases dealings start on July 12. Brokers to the issues were Seymour Pierce and Co.

CES RIGHTS RESULT

The £4m rights issue by Combined English Stores has been taken up by shareholders in respect of 7,189,618 ordinary shares—equivalent to 89 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo-Amer. Secs. ... int.	1.2	Aug. 24	1	—‡	3.3
Ashley Ind.	1.3	Oct. 10	1.25	2.3	2
H. P. Bulmer	2.7	Sept. 10	2.2	7.66	6.6
Christie-Tyler	4.7	—	3.2	6.5	4.8
Daejan	2.08	Sept. 5	1.84	3.25	2.99
Danae Invest. ... 2nd int.	2	Aug. 24	1.75	3.5	3.1
G. H. Downing	5	Oct. 1	3.21*	7.75	5.79*
E. Elliott	2.5	—	1.5	3.5	2.15
Gen. Consd. Inv. ... int.	2	Aug. 6	1.3	—	4.25
Hollas	4.25	Oct. 1	3.56	5.23	4.54
J. Latham	5.75	—	4.59	8.7	7.54
Moorgate Inv.	2.99	Aug. 31	2.32	4.74	3.82
Textured Jersey	2	Oct. 1	0.5	3	1
S. W. Wood	2.8	Sept. 6	2.8	4.6	4.29

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Second interim of not less than 2.6p forecast.

Christie-Tyler lifts profits by 133% to record £4.2m

A 133 per cent jump in profits is reported by Christie-Tyler, the upholstery and cabinet furniture maker, in the 53 weeks to April 30, 1979. The taxable surplus was hoisted from a depressed £1.81m in the previous 52 weeks to a record £4.22m on turnover up 44 per cent from £46m to £69m. The results reflect further progress in the second half.

The latest figures include a first-time contribution of £284,000 from Olympic Kitchens, since it was bought on October 17 last.

Stated earnings per 10p share have jumped from 8.9p to 23.3p while a final net dividend of 4.7p lifts the total payout from 4.7967p to 6.5p.

At midway the taxable surplus was well up from £111,000 to £1.52m, but the directors were then wary of making a forecast because of the general industrial unrest which started in January.

The Board now says that group has achieved an all-round increase in its total share of what continues to be a very competitive market.

In 1975-76 the group's profits climbed to the previous high of £3.19m, but in the following year the figure declined to £2.58m.

This year they are expected to add 15 to 20 per cent to capacity.

The group is "reasonably confident" demand will absorb this.

Downing had a 10 per cent price increase for its facing bricks in June and expects another of 4 to 5 per cent next month to cover extra fuel costs.

The company is progressively switching to methane from the National Coal Board, where it gets assured supplies and a price advantage by being near the mines.

Tax for the period takes £1.98m (£953,933), following the Budget proposals on deferred tax. Net profit came out at £2.24m, against £859,330, and dividends absorb £825,396, compared with £461,510.

• comment

Yesterday's figures from Christie-Tyler were unexpected—the group had been holding its cards close to its chest throughout the winter—and the share price jumped 7p to 97p. Stripping out the first time contribution from Olympic Kitchens, the rise in second-half pre-tax profits was 42 per cent. Volume sales rose by 26 per cent over the year, about double the sector average, and this was the primary reason for the improved margins—though sterling's rise helped timber import prices. Given these impressive figures, the stated p/e of around four looks inadequate but the group has a patchy profits record. Most of the labour force is on piece-work and volume is a high priority, but it has often been achieved at the expense of margins. With the sector threatened by a downturn in consumer spending, prospects are therefore uncertain. The yield is high at 10 per cent and dividend cover is over three times on a full tax charge, so the company could have been even more generous.

HIGHLIGHTS

Lex looks at the puzzling disappearance of the rights issue queue, which looks to have melted away since the failure of the Thomas Tilling issue. Lex also looks at the annual report from Finance for Industry which appears to be benefiting from the buoyancy in the small companies sector, and makes some comment on the recovery and future of the investment dollar premium. Lex finally casts an eye over the foreign exchange markets where the Mark was very strong yesterday in anticipation of further measures to tighten German credit. Elsewhere, comments are made on H. P. Bulmer, G. H. Downing, Hollas and Christie-Tyler.

Downing advances to £1.93m after near-static second half

After a near-static second half G. H. Downing and Co. lifted taxable profits from £1.72m to £1.93m in the year ending March 31, 1979. At halfway the group raised the surplus from £673,000 to £850,000, and the directors then said they view the second half with reasonable confidence.

The Board now says the new plant at Chesterton is working towards full production, and extensions at the Keele tile works will be completed by September. These projects are expected to increase output of facing bricks and roofing tiles by more than 30 per cent in a full year.

The final net dividend of 5p raises the total from an equivalent 5.7932p to 7.75p.

Turnover for the year advanced from £12.74m to £14.24m. After tax of £195,000, against £304,000 credit, stated earnings per 50p share are down from 33.5p to 28.8p. Last time there was an extraordinary credit of £113,000.

The group makes clay products, refractories, roadstone aggregates and is an electrical power engineer.

• comment

Dividend cover of 3.7 times at G. H. Downing may not seem overtly generous but a yield of 9.3 per cent at 124p, down 4p yesterday, looks fair enough and the group is still committed to a heavy capital spending programme. New plant is scheduled to come on stream in September to boost capacity by 15-20 per cent which would be worth some 30 per cent in a full financial year. Downing is confident that it can sell this additional building materials production which, together with the 10 per cent price increase in the middle of last month (the first rise for 1½ years) forms the basis for the group's growth expectations this year. Profits from refractories, after partial recovery in 1978-79, are likely to flatten out this year and the electrical wholesaling division is again expected to be subdued. The Dutch subsidiary, worth about a fifth of total profits, accounts on a calendar basis and will thus bear the brunt of the appalling winter so it will be left to the UK facing bricks and roofing tiles, coupled with encouraging penetration of French and West German markets, to support a fully taxed p/e of 7.7. For comparison Gibbons Dudley sells at 5.5 times historic earnings and will presumably boost a yield of 6.5 per cent at the first opportunity.

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Successful year for FFI: profits improve by £3.3m

Finance for Industry yesterday reported a successful year in supplying funds to small companies and in leasing equipment and ships. Its gross investment in all its activities rose by 49 per cent to £342m in the year to March 31 while its pre-tax profit rose from £22m to £25.3m.

Industrial and Commercial Finance Corporation (ICFC) which accounted for about two thirds of FFI's profit, had a particularly active year in funding small businesses. This continued a sudden upturn in such activity which set in about two years ago.

In the year 1978-79, ICFC provided £67.7m in new funds to 733 customers, set against figures for the previous year of £50m and 518 customers. The company considered 1,400 serious applications (1,100) and made offers of finance totalling £110m. The net amount of funds provided last year, after repayments and realisations, was £45m.

The FFI management has no simple explanation for the rise in the demand for small company finance, though they do emphasise that ICFC has recently been marketing itself more systematically and energetically. As evidence of the current popularity of the concept of the small company they cite the increasing tendency for managers of existing large companies to "break away" with the aid of ICFC finance and develop one particular product or service.

Lord Seebohm, the chairman of FFI, explained in his annual statement that, "as the economies of size become less important and the complexities of managing a large public company increase, ICFC has an ever-growing role to play."

In contrast FFI's other financing arm, Finance Corporation for Industry, which specialises in medium and long term finance to larger companies, has had a slack year. Its potential customers were liquid and last year preferred bank finance to the sort of facility FCI is willing to provide.

Although FCI extended new loans of £63m, repayments, both scheduled and brought forward, exceeded that total by £18m.

FFI had a record year in leasing, in what was a boom period for this business. It leased assets of £46m last year and provided another £35m by way of industrial hire purchase.

Despite the recession in the shipping industry, Finance for Shipping bareboat chartered (leased) an additional £32m worth of ships, mainly to the better known British shipping companies.

Progress so far in the current business year is good, according to the chairman, with sustained interest in small company finance. FFI is paying a sustained, essentially token, dividend of 0.2p per share to its shareholders, the Bank of England and a number of major banks.

It has retained £10.9m in earnings. This is after accepting a loss of over £2m in buying £19m of FFI 13 per cent unsecured loan stock, due 1981, to smooth the maturity pattern of FFI's borrowing.

Textured Jersey trebles payment

SALES AND profitability at record levels and a trebled dividend are announced by Textured Jersey, knitted jersey fabric manufacturer, for the year ended April 30, 1979.

Profits before tax jumped from £276,000 to £673,000, on turnover of £8.81m (£7.52m) for the year. The midway surplus was 167 per cent higher at £264,000 on sales up £0.4m to £4.31m and the directors expected second-half results to improve on those then reported.

Full-year tax takes £260,000 (£109,000) and with earnings per 10p share well up from 4.3p to 12.36p, the dividend is lifted to 3p (1p) net with a 2p final—the group restored payments last year after four years absence.

In the first two months of the current year, trading conditions have been encouraging, the directors state, and they view the period with cautious optimism.

John James finishes year with best-ever £4.2m

AS FORESHADOWED, taxable profits of John James Group of Companies came out at a record £4.2m for the year ended March 31, 1979, against a previous £3.36m.

And the directors say that given the strength of sterling and the difficulty of obtaining certain export orders, indications for the current year are satisfactory.

The directors estimated the results for the year in June, at the time of the offer from Wolseley-Hughes.

At the interim stage profits were just ahead at £1.11m compared with £1.01m.

Pre-tax figure for the full period was struck after central management expenses and bank interest of £813,000 (£640,000) but was subject to a tax credit of £23,000 against a £724,000 charge last time.

Earnings per 25p share on the tax figure are shown as 14.59p (9.28p) and 9.81p (6.32p) on a theoretical tax figure.

There was an extraordinary debit for the year of £356,000 against a £208,000 credit.

As already known the dividend is stepped up to 3.05p (2.746p) net with a second interim of 1.75p.

Tecalemit in strong position: still looking for acquisitions

SEVERAL POTENTIAL acquisitions were examined by Tecalemit during 1978-79 and directors continue to seek profitable companies in engineering, service industries or companies using advanced technology and having a high added value, Mr. N. J. Bennett, chairman, tells shareholders.

For some time the Board has also been studying the likely effect of microelectronic developments on the different businesses in the group and the markets they serve.

The aim is to see how the benefits of this new technology can best be harnessed not only to the group's own products but also to its manufacturing processes and office systems, the chairman says.

Over the last few years, the group has greatly strengthened its range of products, the asset structure and financial position. This gives confidence to face the uncertain economic future, says Mr. Bennett.

He anticipates that once again the outcome for the current year will be a source of satisfaction.

As reported with a one-for-one scrip, pre-tax profits for the year ended March 31, 1979, rose from £3.7m to £4.61m on turnover of £43.1m against £32.9m. CCA profit is redneced to £3.67m after adjustments for cost of sales, £530,000 and depreciation, £411,000.

Mainly owing to the inclusion of the results of Fogautolube, the percentage of turnover arising outside the UK has risen to 44 per cent against the previous year's 39 per cent.

During the current year, this percentage will rise again so that turnover in and outside the UK will be about equal.

Of the total output from the UK of £29.35m—up 20 per cent—18 per cent was directly exported, 29 per cent went to industry, 39 per cent to garages, service and chassis lubrication fitting stations and 14 per cent as original equipment to motor manufacturers. Exports at £5.39m showed an increase of nearly one-fifth.

Peat, Marwick, Mitchell and Company, the group's auditors say that the group's valuation of stock does not include fixed production overheads and therefore is not in accordance with standard accounting practice. If these overheads had been included the pre-tax profit would have been increased by £200,000 (£320,000) and stock valuation by £2.33m (£1.22m).

Meeting, Winchester House, EC, August 3, at noon.

Gen. Consld. improves in first half

Gross revenue of General Consolidated Investment Trust was ahead at £766,513 against £700,330, for the half year to June 30, 1979, and net earnings improved from £356,396 to £389,461.

Earniogs per 25p share were 2.1p (1.92p) and partly to reduce disparity the interim dividend is lifted from 1.3p to 2p net costing £371,518 (£241,153)—last year's total was 4.25p from £827,153 earnings.

Net asset value per share is shown at 118.9p (108.2p) or 118.8p (108p) allowing for conversion of loan stock.

Revenue was split between franked £491,273 (£467,605) and unfranked, £275,240 (£232,725). Charges totalled £377,052 (£343,934) including interest, up from £95,344 to £112,839, and tax £60,279 (£46,755).

J. Latham up £0.7m with better margins

A SHARP increase in second-half profitability helped James Latham, timber merchant, to push pre-tax profits for the year ended March 31, 1979, ahead from £961,000 to £1.66m, on turnover of £27.98m, against £25.84m.

First half profits were up by £260,000 to £761,000 and the directors then forecast a reasonable year for the company.

During the year, profits rose at a faster rate than turnover, because a steady upward movement in prices enabled the company to sell at better margins, and it was able to discard some of the less profitable lines of business.

Similar trading policies were pursued by its regional companies, all of which are now firmly established and are making a substantial and significant contribution toward group profits.

After tax of £531,000 (£395,000) yearly earnings per £1 share were doubled from 22.3p to 44.6p. The net dividend total is stepped up to 8.7p (7.54p) with a 5.75p final.

Euston Centre advances

Taxable revenue of Euston Centre Properties rose from £2.61m to £2.76m in the year to March 31, 1979, after being ahead from £1.24m to £1.32m at midway.

Tax for the year is down from £1.34m to £1.19m, and the dividend absorbs £1.56m (£1.25m).

The company's £1 A shares are owned by Stock Conversion and Investment Trust, through The Linden Gardens Trust, and the £1 B shares by George Wimpey and Co., through Wimpey Property Holdings.

Revenue up at Danae Trust

REVENUE of Dane Investment Trust for the year ended May 31, 1979, improved from £466,834 to £515,255 before tax of £167,578 against £162,232.

Earnings per income share are stated as 3.87p compared with 3.45p and net asset value per share is 46.06p (40.67p).

A second interim dividend, in lieu of final, of 2p steps up the total from 3.1p to 3.5p.

Optimistic at Energy Services

"Results so far this year are very much according to plan, and I believe you will not be dissatisfied with the interim profits," Mr. Robin Rigby, chairman of Energy Services and Electronics told shareholders at the annual meeting.

The weakness of the dollar made exporting difficult but so far they have managed to overcome this problem. "Provided we can continue to do so, I expect another satisfactory improvement during 1979," added Mr. Rigby.

Ashley Industrial moves ahead

On turnover up from £2.49m to £2.83m pre-tax profits of Ashley Industrial Trust, formerly Thames Plywood Manufacturers, finished the April 30, 1979, year ahead at £252,306 against £191,271.

At halfway profits had increased from £71,000 to £110,000 and the directors said they expected second half results to be *similar* to the first.

Earnings per 25p share at the year-end are given as 7.67p (6.36p) and the dividend is lifted to 2.3p (2p) net with a final of 1.3p.

Pre-tax figure was subject to tax of £68,201 compared with £38,248 and there was an extraordinary debit for the period of £17,668 (£11,562).

The group manufactures plywood, plywood products and sells specialist materials to the building industry.

Cape Insulation

Cape Insulation, a member of the Cape Industries group, is to invest a further £4m in its Rorksil mineral fibre plant at Stirling.

This will complete an expansion programme which will have involved an investment of nearly £8m in just over three years, with a consequent doubling of mineral fibre production.

The £4m is to be spent during the next 12 months, and will pay for extensive modernisation designed to increase the plant's capacity to meet growing demands of the Government energy conservation programme.

£0.46m profit by S. W. Wood

FOLLOWING THE recovery at mid-way from losses of £204,000 to a £154,000 profit, the S. W. Wood Group finished the year to March 31, 1979 with pre-tax profits of £456,605 compared with a £69,293 deficit previously.

The previous year's loss included a metal exchange loss of £241,986.

Tax takes £183,646 (£27,780) giving earnings per share of 4.7p against a 1.7p loss. The final dividend is 2.6p lifting the total from 4.2933p to 4.6p—the dividend has been waived on 3.45m shares.

Turnover for the year improved from £17.38m to £18.9m. Attributable profit is £272,949 (£288,988 loss including extraordinary loss of £191,915).

The group trades as a non-ferrous metal merchant, processor and smelter.

Today's company meetings

Associated British Foods, Connaught Rooms, Great Queen Street, WC, 11. Atkins Brothers, The Old Cottages, Lower Bond Street, Hinckley, 12. Avenue Close, Winchester House, 100 Old Broad Street, EC, 12. Control Securities, Winchester House, 100 Old Broad Street, EC, 12.

Debenhams, The Wigmore Hall, Wigmore Street, W, 12. Duelvest, 117 Old Broad Street, EC, 12.15. John Foster, Waldorf Hotel, Aldwych, WC, 12.30.

Property and Reversionary Investment Corporation Albany House, Petty France, SW, 12. Rowton Hotels, Mount Pleasant Hotel, Calthorpe Street, WC, 12. Thomas Warrington, Grosvenor Hotel, Eastgate Street, Chester, 11.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Corn Exchange Debenture Corporation, Imperial Group, Morgan Crucible, St. Andrew Trust, Thermal Syndicate, Tribune Investment Trust, Watson and Philip.

Finals: Airfix Industries, Assam Trading, British Building and Engineering Appliances, Downs Surgical, Howden Group, Lenons, National Carbonising, Rothmans International, S. and U. Stores, Sturla Holdings, United Gas Industries, Watson (R. Kelvin).

FUTURE DATES

Interims—	
Carliol Investment Trust	July 20
Gestetner	July 18
Tyneside Investment Trust	July 20
U.C. Investments	July 23
Finals—	
Astra Industrial	July 19
Braham Millar	July 18
G.T. Japan Investment Trust	Sept. 20
Hogg Robinson	July 17
Western Board Mills	July 18

R. Jenkins tumbles to £0.67m

Taxable profits of Robert Jenkins (Holdings) tumbled from £1.34m to £667,000 in the year to March 31, 1979. And the directors warn that these much-lower profits may not be equalled in the current year.

They add that last year was a satisfactory one for the group's companies with the exception of Robert Jenkins and Co. for which trading conditions became increasingly difficult. The recession in the pressure vessel industry is worldwide and competition for contracts excessively keen.

The board adds that the prospects for the company are not good because the severe competitions shows no signs of improving.

However, with a final net payment of 15.189p the total dividend is lifted 11.7 per cent from 19.6p to 21.9p.

The group's net profit adjusted for SSAP 15 is down from £638,000 to £529,000. Stated earnings per share are also down from 60.6p to 51.3p.

The company's shares are traded in the market made by M. J. H. Nightingale and Co.

ASSOCIATES DEAL

J. Henry Schroder Wagg and Co. on July 10 sold 10,000 Guest Keen at 278p and 15,000 at 275p on behalf of associates discretionary investment clients.

Berec sees recovery after first half fall

BOTH SALES and profits of Berec Group had been poor in the first quarter of the current year, Mr. Lawrence W. Orchard, the retiring chairman, told members at the AGM.

For the half year profits would show a decline compared with the previous year, he added. "However, we anticipate that by our year end we should be back on course with acceptable results for the full year's trading."

Mr. Orchard explained that in the UK, industrial action closed the Tanfield Lea and Newburn plants of Ever Ready (GB) for nearly eight weeks in March and April, with a consequent loss of production.

And, he stated, problems in Nigeria still continued unabated and had reflected adversely both on Berec International and chemical and carbon products in the short term.

"Elsewhere we are making reasonable progress," he said.

Mr. Orchard retired after the meeting and was succeeded by Mr. Colin Gardner Stapleton.

Ferguson Industrial says borrowings acceptable

Despite the acquisition policy at Ferguson Industrial Holdings, involving considerable cash sums, the proceeds from the sale of investments in Liner Concrete and Randalls Group offset these, and borrowings are within acceptable limits, Mr. D. S. Vernon, chairman, says in his annual report.

At the end of 1978-79, the level of debt to total capital employed was 34 per cent or 55 per cent as a ratio of shareholders' funds.

Directors feel that reserves of £8.8m are too high in relation to the share capital of £2.24m and, as reported, it is proposed to increase the authorised share capital and make a one-for-two scrip issue.

In the year ended February 28, 1979, pre-tax profits increased from £1.62m to £2.24m on sales of £56.52m, compared with £41.1m. CCA profit is reduced to £1.68m after £171,000 additional depreciation, £599,000 cost of sales and £211,000 gearing.

The chairman says this year has started well, but some of the sales and profits may be a result of pent up demand in January and February.

The group is involved in building supplies, engineering, supplies, engineering, giftware and printing. ICFC holds 12.3 per cent of the issued share capital.

Meeting, Appleby Castle, Cumbria, August 3 at 11.30 am.

SHARE STAKES

Bernard Wardle—Birmingham and Midland Counties Trust has raised its stake to 26.005 per cent. Mr. Graham Ferguson Lacey, chairman of BMCT, bought his initial holding last November and said it was for investment only. "It was not envisaged that the stake would exceed 25 per cent," he said at the time.

Daily Mail and General Investment Trust—Third Viscount Rothermere, director, has increased his personal holding by 59,000 ordinary and reduced his holding as joint trustee by 3,927 ordinary and 113,802 "A" ordinary. The interest of the Earl of Cromer, director, as trustee has been reduced by 20,817 ordinary and 14,502 "A" ordinary. Major R. A. O'Brian and E. D. A. Ram, as trustees of the estate of second Viscount Rothermere, are interested in a further 336,306 ordinary and 363,820 "A" ordinary. Major R. A. O'Brian has personally gained 250 "A" ordinary.

K. O. Boardman International—K. O. Boardman has disposed of 200,000 ordinary at 21.5p.

Tor Investment Trust—There are now registered 189,000 income shares in the name of Royal Bank of Scotland Edinburgh Nominees "A1 Account" as trustee of Arbuthnot High Income Fund, a unit trust managed by Arbuthnot Securities.

Ennia N.V.—Members of the supervisory and management board, together with their families, are interested in less than 1 per cent of the ordinary capital.

RESULTS AND ACCOUNTS IN BRIEF

TRANSATLANTIC AND GENERAL SECURITIES COMPANY LIMITED—Final distribution on income units for the accounting period July 4, 1979 will be 2.5p net per unit (2.2p last year), payable on August 31, 1979. Total distribution for year amounts to 3.6p net per unit (3.2p). On July 5, 1979 offered price of income units was 87.3p xd and estimated gross yield was 6.25 per cent.

JOHN SWIRE AND SON (shipowners, transport, etc.)—Results for 1978, reported July 10, with prospects. Group fixed assets £58.38m (£48.15m). Net current assets £8.57m (£11.48m). Liquid funds decreased £4.24m (£1.32m increase).

DELYN (packaging products)—Results for 68 weeks ended January 28, 1979, already reported. Group fixed assets £212,152 (£276,159), net current assets £518,144 (£134,557), loan £180,000 (nil). Directors have started expansion programme and order books this year are substantially higher than a year ago. Should this pattern continue, they look forward to the future with confidence. Meeting, Caerphilly, July 30, noon.

EVANS OF LEEDS (property investment and development)—Results for year ended March 31, 1979, already reported. Group fixed assets, £27.71m (£24.62m). Current assets £3.51m (£2.74m), and liabilities £2.79m (£2.29m). Meeting, Leeds, August 3 at noon.

BUTTERFIELD-HARVEY (special purpose vehicles, engineering components, etc.)—Results for March 31, 1979 year reported June 22 with prospects. Group fixed assets £7.9m (£8.03m). Net current assets £12.3m (£11m). Net inflow of funds £1.46m (£1.22m). Meeting, Connaught Rooms, WC, July 25, at noon.

MINING NEWS

Noranda has a buoyant first half, but . . .

BY KENNETH MARSTON, MINING EDITOR

CANADA'S Noranda base-metal giant has been riding the crest of the wave so far this year after the difficult times of 1978, but now faces cooler conditions. Even so, the full outcome to 1979 should still mean that the year will be the first "really satisfactory" one since 1974.

Second quarter results now announced are of a profit of C$67.2m ($28.1m), equal to C$2.43 per share. They make a half-year total of C$140.3m, or C$5.08 per share, which exceeds the full 1978 total of C$135.2m.

Shareholders get their reward with another increased quarterly dividend of 70 cents which follows the previous four quarterly payments of 60 cents, 50 cents, 40 cents and 30 cents, respectively.

Noranda also proposes a three-for-one share split.

During the 1979 second quarter copper income eased in line with lower metal prices. But there were improved earnings from other mining operations, notably in zinc, lead, molybdenum and precious metals.

Manufacturing earnings continued to rise owing to a "reasonably good" demand for domestic products and a strong performance by Noranda Aluminum in the U.S.: the aluminium operation was temporarily closed with a loss of C$11.2m in 1978.

Noranda says that the outlook for the rest of this year is uncertain. On the favourable side there is the resumption of production at the Gaspe copper operations in Quebec following the eight-month strike and the improved taxation structure for Saswatchewan potash producers.

On the other hand, markets for primary products may be affected by the U.S. recession and doubts about the future of the 41 per cent-owned Kerr Addison's Agnew Lake uranium venture.

Meanwhile, Noranda's Canada Wire Cable plans to acquire the stock of Fabricon Manufacturing (which operates a wire and cable manufacturing plant in Belleville, Ontario) from Felten Guilleaume Carlswerk of West Germany for an undisclosed sum.

ISRAEL TO LIFT POTASH OUTPUT

Israel's Dead Sea Works has decided on an expansion of its present capacity of 1.2m tonnes of potash per year to 2.1m tonnes by 1985, reports our Tel Aviv correspondent.

The expansion is to be carried out in two stages, with output to reach 1.67m tonnes in 1982. The cost of the first stage (at December 1978 prices) is put at US$81m (£36.4m). The entire investment is to be financed from internal funds remaining after payment of dividends and royalties.

The decision to near-double output has been taken in view of the increased demand for potash expected from the accelerated development of Israel's Negev desert during the next three years and the expansion of world demand for the fertiliser.

State one is expected to boost exports by $35m a year. Total exports of the Dead Sea Works are anticipated at $130m at the beginning of the 1980s, or, if subsidiaries are included, at $200m.

Strike halts Tara Mines operation

UNDERGROUND work at Tara Exploration's 75 per cent-owned Tara Mines' lead-zinc operations in Ireland has been halted by an unofficial strike, but the company's concentrator plant reportedly continues in operation.

The dispute centres on a bonus pay plan accepted by the company and union. Pickets were set up at the site on Tuesday morning but were withdrawn two hours later after other production workers reported for work.

A company spokesman said that both lead and zinc production at the big mine in County Galway had been halted by the unofficial strike.

He added that the company had caught up on some June shipments of lead which were delayed by a mechanical failure at the mine in May which took some five weeks to repair.

The mine was beginning to return to normal when hit by the unofficial strike, he said, adding that lead stocks are virtually nil.

Zinc shipments were unaffected by the mechanical difficulties as the company was able to draw on accumulated stocks but these are now low, the spokesman said.

In May, output stood at an annual rate of around 2.3m tonnes of ore yielding around 72,000 tonnes of lead concentrates and 400,000 tonnes of zinc concentrates.

Tara normally exports between 3,000 and 5,000 tonnes of lead concentrates monthly, all to Continental Europe.

ROUND-UP

America's Getty Oil is joining Australian Consolidated Minerals and the Ashburton (Landsat) joint venture to explore for uranium in 70,000 square miles of the Pilbara-Ashburton region of Western Australia. The project will use data from the Landsat system which uses space satellite information for drilling targets. Getty will have a 60 per cent stake in the search with the remaining 40 per cent held by the Ashburton partners, ACM, Command Minerals, Nickelore and West Coast Holdings.

* * *

Resolutions proposed at the extraordinary meeting of Roan Consolidated Mines and the meeting of the holders of the "B" ordinary shares of RCM were passed. Accordingly, Zambia Industrial and Mining Corporation has subscribed 7,407,407 new "A" shares of K4 each at a price of K5.40 per share to raise K40m (£23.8m). Proceeds will be used to repay part of the loan to RCM from the Government of Zambia of K112m. The remaining K72m of the loan will bear interest at 9 per cent from April 1, 1980, and will be repayable in 12 equal semi-annual instalments starting on July 1, 1980.

* * *

Because of the uranium deal with Vaal Reefs for the exploitation of an area over which Afrikander Lease holds the mineral rights the year end of the latter company has been changed from June 30 to December 31 to coincide with the year end of Vaal Reefs. Afrikander's current financial year will therefore be an 18-month period ending December 31, 1979. An interim report covering the 12-month period ended June 30, 1979 will be issued.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1978							
1st qtr.	107.0	102.2	99	106.4	246.4	1,409	[illegible]
2nd qtr.	110.8	104.5	96	107.9	254.4	1,367	[illegible]
3rd qtr.	111.5	105.2	103	110.7	266.6	1,380	[illegible]
4th qtr.	110.0	102.6	111	111.7	273.0	1,340	[illegible]
1979							
1st qtr.	108.9	101.4	101	110.3	276.4	1,351	[illegible]
Jan.	103.4	93.4	94	109.6	273.1	1,339	[illegible]
Feb.	110.7	103.5	105	110.4	275.4	1,363	[illegible]
March	112.5	107.3	104	110.8	279.8	1,350	[illegible]
April	115.0	106.8		115.4	290.6	1,311	[illegible]
May				113.5	289.2	1,307	[illegible]
June						1,280	[illegible]

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1978							
1st qtr.	105.2	98.8	116.3	99.9	98.5	98.0	17.8
2nd qtr.	108.0	98.1	122.4	99.8	107.3	101.2	27.2
3rd qtr.	108.0	99.7	123.2	100.7	101.3	103.6	23.6
4th qtr.	105.5	96.9	123.3	96.6	97.6	101.9	20.2
1979							
1st qtr.	104.0	98.3	125.6	98.3	97.1	99.3	12.8
Jan.	99.0	92.0	117.0	92.0	77.0	95.0	10.1
Feb.	104.0	100.0	129.0	100.0	102.0	100.0	12.7
March	108.0	103.0	130.0	103.0	113.0	103.0	15.6
April	108.0	103.0	131.0	103.0	109.0	101.0	18.0
May							19.2

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1978							
1st qtr.	119.6	113.5	— 590	—369	—620	105.7	20.62
2nd qtr.	122.2	109.7	— 173	+208	—414	104.9	16.73
3rd qtr.	124.8	114.9	— 367	+154	—501	106.1	16.55
4th qtr.	124.8	112.3	— 39	+450	—480	106.9	15.77
1979							
1st qtr.	110.3	113.3	—1,181	—787	—237	107.7	16.78
Jan.	113.0	107.1	— 126	+ 6	— 62	107.4	16.26
Feb.	100.7	117.0	— 766	—635	— 78	108.1	16.62
March	117.3	115.7	— 289	—158	— 97	107.4	17.45
April	128.4	127.2	— 327	—217	—114	108.9	21.47
May	133.6	127.8	— 185	— 75	— 54	108.0	21.53
June							22.07

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1978							
1st qtr.	24.3	23.8	17.5	+1,811	1,049	1,373	6½
2nd qtr.	10.1	15.0	24.5	+2,800	694	1,506	10
3rd qtr.	17.2	8.3	8.6	+ 591	746	1,541	10
4th qtr.	15.1	13.0	8.7	+1,875	878	1,576	12½
1979							
1st qtr.	7.2	10.1	32.7	+1,672	777	1,586	13
Jan.	14.6	18.9	21.2	+ 801	289	525	12½
Feb.	17.6	2.06	24.1	+1,089	231	531	14
March	7.2	10.1	22.7	— 263	257	530	13
April	16.3	7.3	19.1	+ 846	343	572	12
May	12.9	7.9	20.6	+ 945	309	624	12
June							14

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1978							
2nd qtr.	129.9	146.3	151.8	196.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.8	199.2	206.2	253.74	62.4
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.69	62.7
1979							
1st qtr.	140.2	152.2	161.6	208.3	218.8	268.63	64.1
2nd qtr.		160.5	167.9			293.55	67.9
Jan.	135.7	150.8	160.0	207.2	217.5	260.63	63.5

* Not seasonally adjusted. † Reserves: now revalued annually, new estimates.

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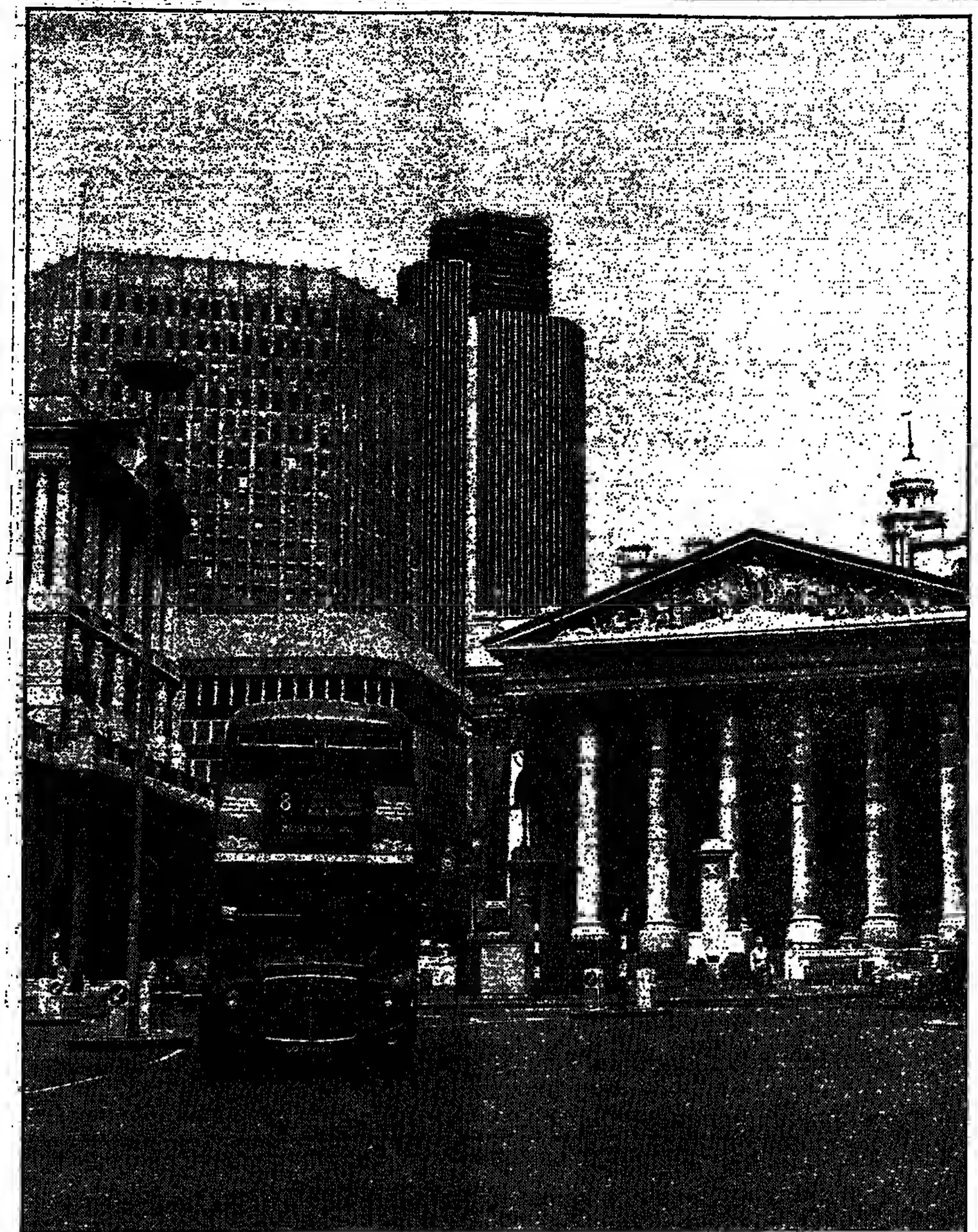
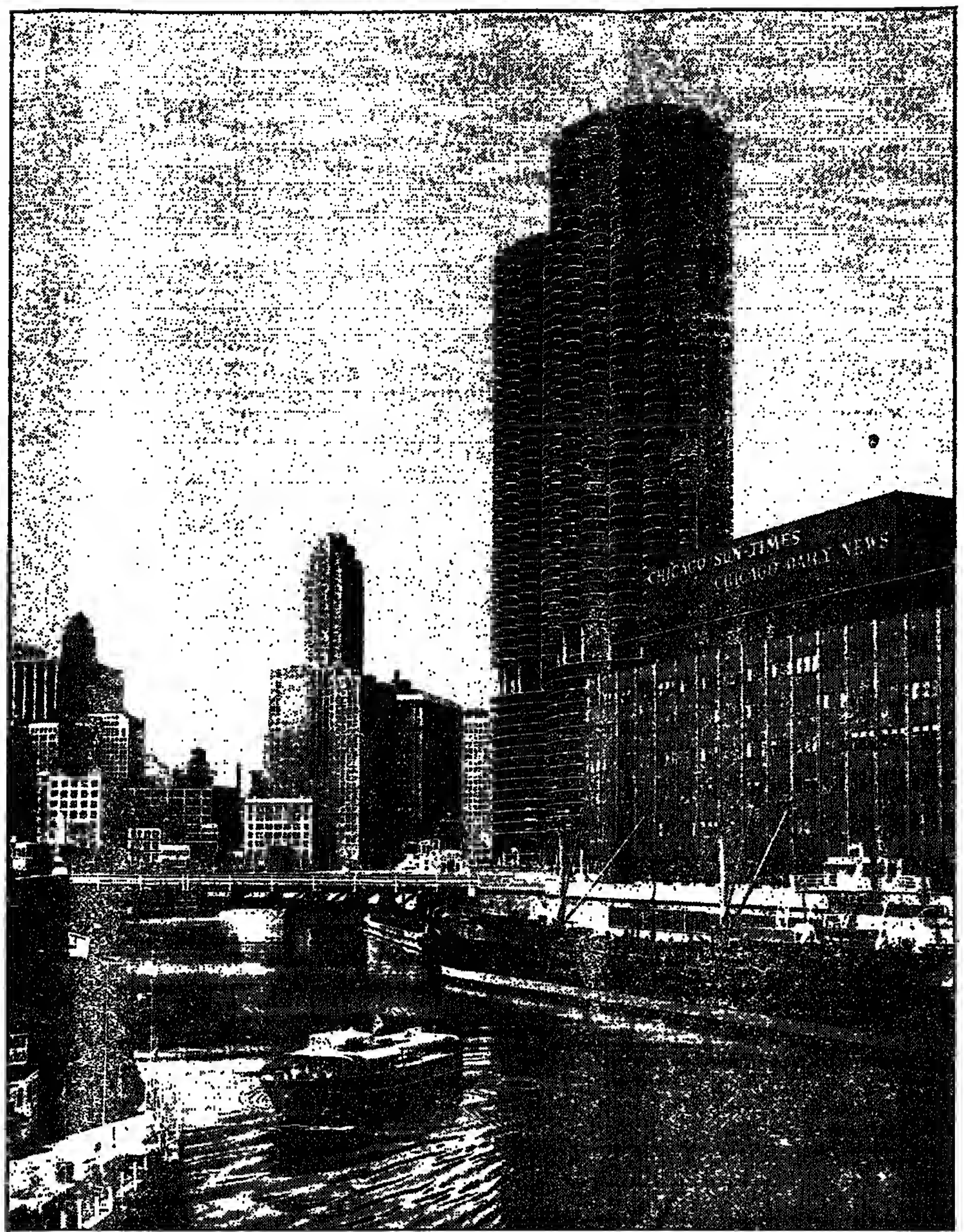


City of London. Average prime office rental £17.00 per sq. ft.



City of Chicago. Average prime office rental £8.80 per sq. ft.

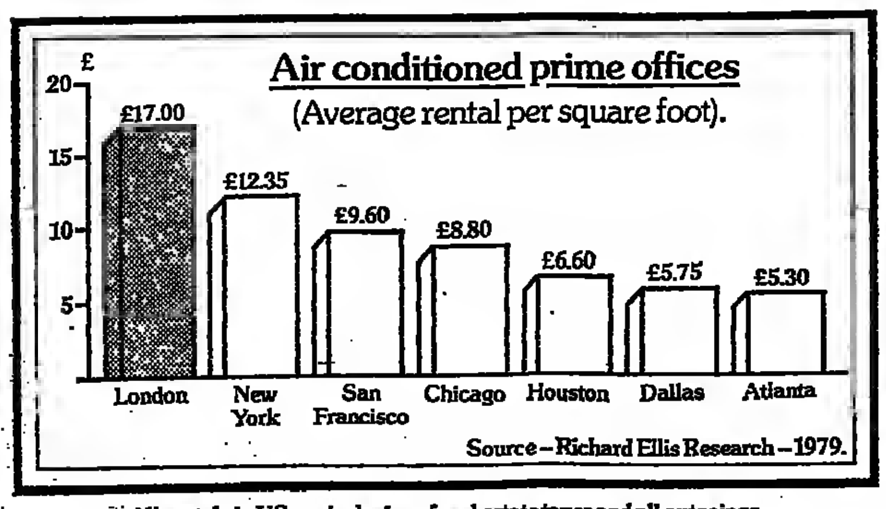
Chicago has a long way to grow.

For Chicago you could also read Atlanta, Dallas, Houston and a number of other American locations.

We're not just listing names of cities, but marking out considerable opportunities for the British investor in property. Where real estate values are not simply lower than values on this side of the Atlantic, but also offer considerable potential for investment growth.

We've noted that a downturn in construction following the previous recession in the US economy has led to a heavy pre-commitment of new property space. This factor, combined with constraints on borrowing capacity and a powerful environmental lobby, is creating an acute shortage of prime office space in many key business centres.

Richard Ellis are amongst the leading property investment consultants advising a number of pension funds and institutions on their real estate portfolios. Over 24 offices in 11 countries provide an international service, and include two in the USA dealing exclusively with property investment advice. For a number of years we have been advising clients on the creation of property investment portfolios in international locations.



All rentals in US are inclusive of real estate taxes and all outgoings.

For more information on American or other international investment markets contact Andrew Huntley or Chris Budden at Richard Ellis, 64 Cornhill, London EC3V 3PS. Telephone: 01-283 3090.

Richard Ellis
Chartered Surveyors

BIDS and DEALS

Tricoville-Goetz merger hit by tax difficulties

TAX PROBLEMS and a possible Inland Revenue penalty of as much as £350,000 have destroyed hopes of a partial merger between Tricoville, the London clothing group, and Goetz, a Swiss group.

The Inland Revenue has ruled that Tricoville has a £175,000 immediate tax liability made up of £153,000 of tax accounted for in the 1978 figures as deferred tax but now disallowed, and a £22,000 underprovision.

The directors of Tricoville are satisfied that the 1978 accounts were prepared "in good faith" but it now appears that stock relief was claimed against a subsidiary which was not 75 per cent owned at the time.

The tax liability is to be paid immediately together with another £45,000 which relates to the fact that a subsidiary has an early tax date. The smaller sum will be credited against tax due by the group next January.

The taxation problems also give rise to a possible liability to an Inland Revenue penalty which the directors believe cannot exceed £350,000. But while this possibility exists the board does not believe the deal with Goetz should go ahead and has obtained Takeover Panel approval for withdrawal of the deal.

Under the deal, Goetz was to have taken 40 per cent of Tricoville in return for injecting into the UK group two of its German clothing subsidiaries. It is believed that the deal could be revived if an early ruling on the penalty is made by the Inland Revenue.

Dutch expansion for Rediffusion

Rediffusion, the television and telecommunications group, 58 per cent owned by British Electric Traction, is spending £4.25m in Holland acquiring a company which markets electronic data processing systems in Europe.

The company, Telsys Corporation, markets the systems under the name "CMC Europe."

Rediffusion, which last month announced a profit plateau of £17.1m, has already paid £1.8m for Telsys; the remainder is to be paid in instalments over four years.

AMEV ACQUIRES GRESHAM LIFE

Agreement has now been completed whereby N.V. AMEV the Dutch insurance group, has acquired Gresham Life Assurance from Rothschilds Continuation (a Rothschild family company), for around £15m.

AMEV now has two UK subsidiaries: Gresham, which conducts conventional life, annuity and pensions business; and AMEV Life Assurance, which operates in the unit-linked field.

SHARE STAKES

Home Charm—S. S. Fogel has reduced his holding from 2.25 per cent to 7.14 per cent. He remains beneficially interested in 1m shares.

Brown Shipley Holdings—Duncan Lawrie Investments bought further 10,000 shares on June 27 making holding 335,000 (6.04 per cent).

Noyapara Tea Holdings—Rightwise now owns 359,715 shares and new share (95.92 per cent following completion of capitalisation issue).

Colonial Securities Trust—Cornhill Insurance Co. holds 130,000 deferred stock units (5.13 per cent).

Fundinvest—Edinburgh Investment Trust holds 337,500 capital shares (5.31 per cent).

FMA Holdings—Globe Investment Trust is interested in 312,500 shares (5.55 per cent).

Bruntons (Musselburgh) — Scottish Amicable Life Assurance Society and subsidiaries hold 405,000 shares (5.06 per cent).

Plaxtons (Scarborough)—F. A. Plaxton, chairman, has sold 32,216 shares.

Mowlem—Kuwait Investment Office has acquired an interest in a further 50,000 ordinary bringing their total share holding to 1,347,500.

Australian Agricultural Co.—Colonial Mutual Assurance Society is interested in 4,905,397 shares.

Sotheby Parke Bernet Group—G. D. Llewellyn, director, sold 34,000 at prices between 345p and 350p between July 4 and 10.

MacFarlane Group (Clansman)—N. V. L. Barclay, director, has disposed of 33,486 allotted to him under recent scrip issue. He has become trustee for a further 22,000 shares.

Reckitt and Colman to pay £3.5m for industrial cleaning company

RECKITT AND COLMAN is expanding in the field of industrial cleaning by purchasing a private company which claims to have 15 per cent of the heavy pressure washing end of the market.

Reckitt, whose own industrial division is also in industrial cleaning machines and contract cleaning, is to pay around £3.5m for the company, Warwick Pump and Engineering.

Final details of the purchase package have still to be completed, but about half is likely to be by way of an issue of Reckitt's shares, with the remainder split between cash and loan notes.

Reckitt believes pressure washing—used in cleaning ships, runways and other industrial applications — is a fast-growing business.

DERITEND

The Deritend Stamping Company is on the point of selling off its troubled Blackheath Stamping drop forging subsidiary to what is described as "another public company." Negotiations should be completed by the end of next month.

In May, Deritend announced that sales had been hit by depressed demand for forging products and pre-tax profits for the year to February had fallen from £1.75m to £1.36m. The outlook for forging was said to be improving at the time the accounts were published but a "satisfactory return" could not be expected until a "more stable industrial climate prevailed in the UK automotive industry."

GROVEBELL

The Grovebell Group has bought another 50,000 shares in Bond Street Fabrics, the clothing manufacturer, boosting its holding to 21.97 per cent. Grovebell has been building up its stake all this year.

In April this year a purchase of 160,000 shares by Grovebell was notified, followed by 25,000 in May. Grovebell's chairman, Mr. V. J. Advani, said in his annual statement last year that the group would make every effort to expand and develop.

Grovebell announced the sale of a property subsidiary for £480,000 on November 28 last year and declared a loss of £75,535 for the year to November 30. The group's balance-sheet on that date showed borrowings of around £1m compared with shareholders' funds of £818,000.

WM. BAIRD IN £2.6M PURCHASE

William Baird's subsidiary, Baird Textile Holdings, has acquired Wilfred Verber for £2.63m.

Verber is a merchant converter of textiles and in the year ended October 31, 1978 achieved pre-tax profits of £801,000 on sales of £7.78m. Net assets at the year-end amounted to £1.75m.

The initial cash consideration will be adjusted pro-rata according to whether the average annual pre-tax profits of Verber for the 38-month period to December 31, 1981, are greater or less than £1m.

According to Baird, Verber will provide a substantial extension of the fabric base of Baird Textile Holdings and be generally complementary to its existing operations.

FRENCH GROUP BUYS STAKE IN BAIN DAWES

A 20 per cent shareholding has been acquired in Bain Dawes, the insurance broking subsidiary of Inchcape and Co., by MM Worms et Cie, the French financial institution in a deal worth £4.5m.

MM Worms et Cie, through its subsidiary Comindus, is to subscribe £4.5m for 1,125,000 new ordinary shares in Bain Dawes at £4 which will give Worms 20 per cent of the enlarged share capital.

Bain Dawes is one of the largest unquoted firms of Lloyd's brokers, and profits before tax for the financial year ended March 31, 1979, amounted to £5.6m.

The ruling committee of Lloyd's has given its approval to the transaction and UK Government approval has been sought.

PROVINCIAL LAUNDRIES

Provincial Laundries yesterday bought 75 per cent of Whitley Bay (Jiffy Cleaners) for £40,000, consisting of £5,000 cash and 92,150 shares.

In May this year, Provincial announced its second rights issue within seven months, raising £0.75m. In March it bought Bridgeward, the industrial garments maker, and, in May Headingley Laundry for £37,000 in cash and shares.

Jiffy Cleaners made £7,590 profit on turnover of £64,187 in the year ended September 30, 1978. Its net assets were £29,253.

B AND C/MANIFORD

British and Commonwealth Shipping Company's offer for Maniford Investment Holdings, now already owned, has become unconditional. Acceptances have been received in respect of 6,796,258 shares (94.46 per cent of shares for which the offer was made).

The offer remains open and the balance will be acquired compulsorily.

Dunhill builds up stake in Bond Street jeweller

Alfred Dunhill has acquired 22.9 per cent of Asprey, the Bond Street jeweller, for a consideration of £2.6m. The deal values Asprey at £11.35m and, with the holding acquired from Grovewood Securities earlier this year, Dunhill's stake now stands at 29.9 per cent.

Founded by William Asprey in 1781, the jewellery firm is dominated by two sides of the Asprey family. The latest tranche of shares purchased by Dunhill were sold by Asprey's president, Philip Asprey, and his son Maurice Asprey who is joint managing director. The other side of the family, headed by Philip's brother, chairman Eric Asprey, still holds 47 per cent of the ordinary shares.

Over recent years, Dunhill has added to its well known range of pipes and other smoking requisites and now sells high quality pens and menswear. In September last year, the group paid £1.4m for the exclusive jeweller, Collingwood of Conduit Street.

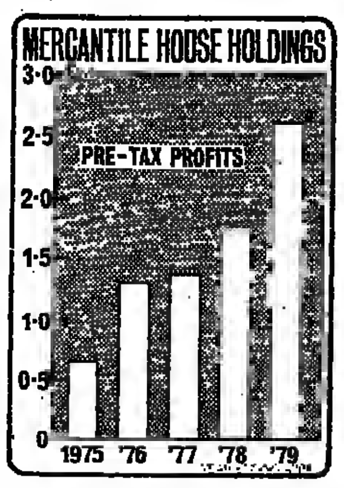
هكذا من الأصل

Mercantile: convincing the City of success

BY JAMES BARTHOLOMEW

ON MONDAY next week, Mercantile House Holdings, a money broker, will be advertising the issue of its shares prior to getting a quotation on the London stock market. The market will take a lot of convincing because mooey broking is going through a testing time.

R. P. Martin, the only publicly quoted broker until now, announced a slump in profits and a reduced dividend last April. The takeover of another broker, Savage and Heath, by Harlow Meyer also reflected the difficult conditions. And there is talk in the market of further mergers and rationalisations among other members of the 14-strong Foreign Exchange and Currency Deposit Brokers Association.



Mercantile will protest that it is unaffected by these tribulations, that it has every confideoce in the future and, implicitly, that its model record of profits growth will continue.

Should we believe in this unlikely animal, the money broker with good prospects?

Money brokers are rather like stockbrokers. The main differences are that money brokers deal almost exclusively with banks, they are more internationally based and they are not allowed to buy or sell on their own behalf. The money they deal in consists predominantly of foreign exchange, deposits in sterling and deposits in foreign currencies. The business is the centre of the world wholesale market in money.

Over the past twelve years money brokers bave grown in size dramatically, reflecting the success of London as a banking centre.

Recently other centres have been making an effort to catch up and some have the advantage over London that their underlying ecooomies are much larger.

The most important growing centre at the moment is New York. Five years ago it rated well below London as a money market but oow, after some relaxatioo in its controls, oo international broker can prosper without it.

In the days when London was enjoying its own growth phase, in the late sixties and early seventies, the market could easily support a large number of money brokers. The brokers were, after all, just an office some telephone lines and someone on the ball with a friendly maoner. But since then it has become much more serious and professional.

The banks have come to expect a better service and to pay less for it, the better service coming mainly from the large investment the brokers bave made in overseas offices.

International connections enable brokers to quote the best rate of exchange or of interest from a wide variety of centres. At least three London brokers can now claim "we never close" as they bave offices on the Contioent, in the oil states of the Middle East, in the Far East, California and New York. Brokers who cannot supply rates from the major overaeas centres are now at a significant disadvantage.

The rates have come down as the banks have looked to their costs and, as the main consumers of hroking services, have put the squeeze on their suppliers. They keep over the brokers the implied threat that if the rates are not kept down they will throw over the agreements of the past, ignore the brokers and deal directly with each other.

Mercantile House argues that it can prosper despite these difficulties. It has been in the forefront of those brokers building up an overseas network and now looks forward to reaping the reward.

It is stroog in the Middle East, the Far East and America. The only major gap is in Europe where it relies on correspondents, and Japan, where only Astley and Pierce bas succeeded in opening an office. Mercantile's greatest and most importaot strength is in New York where it bought Lasser Brothers, the biggest local brokers, in 1977.

This is now regarded in the business as the best coup of recent years. Lasser may be worth twice what Mercantile paid for it following the rise in importance of the U.S. market. Only Astley and Pierce has an association with a comparable New York company but Astley only bas a 30 per cent stake whereas Mercantile owns Lasser 100 per cent.

Astley and Mercantile are the Big Two io money broking. There are three or four others in the second division, of which perhaps one or two will get promotion while the others decline and are either taken over or operate in a specialised field.

In full flow—the foreign exchange currency deposits dealing room of M. W. Marshall, main subsidiary of Mercantile House, in the City of London. Another room of almost equivalent size runs parallel to the one shown.

It is now too late for most brokers to catch up with the majors. It is difficult to break into established markets and in some cases, like Singapore, the authorities are reluctant to let anyone else in. In the U.S. there are simply no more major local brokers left to team up with, and starting up one's own operation from scratch is almost impossible.

Mercantile is one of the few which did make the necessary investment early enough and so should be able to come through the current shake-out. It might even be able to take advantage of the troubles of its competitors, buying them out to obtain skilled staff which are in short supply.

The threat of direct dealing between the banks does not frighten Mercantile since it has faced up to the reality of it in so maoy other parts of the world. It does not believe that any bank in the world will be prepared to put in the number of dealers and the amouot of communications that it employs to keep in touch with practically the entire world money market.

The London money brokers are certainly going through a crisis, but Mercantile is among the best placed to survive and go on to greater things.

NORTH AMERICAN NEWS

Sears pension fund trades in interest rate futures

BY DAVID LASCELLES IN NEW YORK

IN WHAT is believed to be the first such move by a major pension fund, Sears Roebuck's Investment Management Company (SIMCO) confirmed yesterday that it recently traded on the fledgling interest rate futures market.

The company manages about $2.8bn of pension and profit-sharing funds for both the retailing giant's own employees and those of other companies.

SIMCO would not say how large the trade was, but it confirmed that a basic policy decision had been taken to use the market on a long-term basis. According to Mr. George Hall, vice-president for financial futures at Merrill Lynch, the Wall Street broking firm which handled the trade for Sears, this was the first time a pension institution of this size had made use of the interest rate futures market.

Interest rate futures are traded like commodities on the New York and Chicago exchanges, and are a device for hedging against interest rate fluctuations. Investors anticipating a decline in rates buy futures, those expecting a rise sell them.

However, financial futures are still in their infancy and were, until recently, confined to the Chicago commodity exchanges — indeed it may be no coincidence that Sears Roebuck has its headquarters in Chicago. Last month, the two New York commodity exchanges were authorised to start trading in them, and the New York Stock Exchange has also announced plans to start trading next year.

But though banks and speculators have begun to make heavy use of them, pension funds have been more cautious, partly because of strict legal requirements that their investments are "prudent," an epithet that many thought could not be applied to financial futures.

The Sears move, however, appears to clear that obstacle, and several other pension funds and trust departments are now studying the possibility of entering the market themselves.

Sharp rise in profits for paper companies

By Our New York Staff

TWO LARGE paper companies reported sharp gains in second-quarter earnings yesterday, attributing them to the continuing strength of demand for their products.

International Paper, the largest paper-making concern in the U.S., had income of $90.9m or $1.69 per share, compared with $66.9m or $1.41 a share in the same period last year. Sales rose from $1.02bn to $1.12bn.

Mr. Stanford Smith, the chairman, said that demand had been strong for most of the company's products. But he warned that there were signs of slackening in markets directly related to food consumption and house construction. Inflation, boosted by fuel oil costs, was also a major concern, he said, adding: "It would appear difficult in the short-run to offset these dramatic cost increases."

Mead Corporation, based in Dayton, Ohio, reported second-quarter earnings of $38m or $1.39 per share, up 21 per cent over last year's $31.3m or $1.14. Sales were up 10 per cent to $650.7m.

Mr. Warren Batts, the president, noted that strong demand and a favourable exchange rate with the Canadian dollar had helped earnings. But while he expected good results for the rest of the year, a slowing down in the economy, particularly the automotive and housing sectors, was becoming apparent, he said.

Another bid for Harnischfeger

BY JOHN WYLES IN NEW YORK

THE DIRECTORS of Harnischfeger Corporation will meet today to consider a $244.7m takeover proposal from "a major European company."

This was the only information offered in a terse announcement yesterday from the Milwaukee-based manufacturer of mining equipment. Its immediate significance appears to be that Harnischfeger has found a "White Knight" ready and willing to acquire the company for substantially more than the $178m offered by Paccar, whose approaches have been strongly resisted.

Paccar had no comment yesterday on the fact that an unidentified European company was offering $27.50 per share in comparison with its own proposal of $20 per share. For the last ten days, Paccar has been unable to advance its position because of a Federal Court injunction blocking its bid on anti-trust grounds.

The European bidder is clearly more willing to offer Harnischfeger a premium on its book value of about $30 per share than Paccar currently appears to be. With mining industries around the world growing in importance because of energy problems, Harnischfeger is seen by some analysts as headed for a recovery from its troubles of the last few years, which have caused a fall in profits from $23.5m in 1975 to $17.7m last year.

Its only overseas operation is in West Germany, where it acquired a subsidiary from Thyssen AG in 1974. This company has had increasing losses over the past three years.

Times Mirror in $106m takeover

BY OUR FINANCIAL STAFF

THE LOS ANGELES-BASED newspapers and forestry concern Times Mirror Company has agreed in principle to acquire Hartford Courant Company for $105.6m in cash and instalment notes. The offer represents a value of $200 per share for the 527,770 shares of Hartford Courant stock outstanding.

Hartford Courant publishes the Hartford Courant newspaper in Hartford, Connecticut. The transaction involves a cash tender offer for a minimum of two-thirds of the outstanding stock, which will be followed by a merger agreement under the terms of which the holders of more than five Hartford Courant shares will receive instalment notes and holders of less than five shares will receive cash.

Textron fined for pay-off in Dominica

WASHINGTON — Textron pleaded guilty to having covered up a pay-off to an official of the Dominican Republic to boost sales of helicopters there by its Bell Helicopter division.

U.S. District Judge Thomas Flannery accepted the plea and fined Textron $100,000. An additional civil penalty of $31,670, the amount of the pay-off, must also be paid.

Great Western ahead

Great Western Financial Corporation, the Los Angeles-based savings and loan group, has pushed earnings ahead in the first half from $43m to $45.8m, or from $1.93 to $2.04 a share, writes our financial staff.

Bancal Tri-State

Bancal Tri-State Corporation, the San Francisco-based bank holding company, lifted operating net income for the second quarter from $4.06m or 91 cents a share to $5.14m or $1.14 a share, writes our financial staff.

Warner-Lambert officials face manslaughter charge

NEW YORK — Warner-Lambert Company, the drugs, cosmetics and confectionery group, and four of its officers must face trial for manslaughter in connection with a 1976 chewing gum factory explosion that killed six workers and severely burned 55 others, an appeals court here has ruled.

The appellate division of Brooklyn supreme court voted 4—1 to restore the indictments that were dismissed in 1978.

Warner-Lambert, commenting on the ruling, said that it will contest the decision vigorously.

The blast occurred at Warner-Lambert's American Chicle Co. division in Long Island City. It is believed that chemical dust used in making Freshen-Up gum was ignited.

The court said that the company had been forewarned of the danger and had failed to perceive "the grave risk of death" caused by inadequate safety measures.

The indictments charged manslaughter and criminally negligent homicide on the part of the company and Chicle officials Arthur Kraft (39), vice-president for manufacturing; Edward Harris (47), director of safety and security; James O'Mahoney (48), plant manufacturer; and plant engineer John O'Rourke (50). AP-DJ

Caterpillar Tractor moves ahead

BY OUR FINANCIAL STAFF

NET INCOME of Caterpillar Tractor for the second quarter rose from $150.2m or $1.68 a share fully diluted to $165.1m or $1.84 a share on sales higher at $2.14bn against $1.84bn. The company said that the higher sales reflected a modest increase in physical volume and price increases needed to cover increased costs.

For the six months, net income was $297.4m or $3.33 a share against $269.6m or $3.02 a share, while sales climbed from $3.47bn to $4.06bn.

EUROBONDS

EIB succeeds with competitive bid issue

BY FRANCIS GHILES

IN ITS first attempt to introduce competitive bidding for a public Eurobond issue, the European Investment Bank has succeeded in raising $100m for 10 years. Final terms include a coupon of 9.70 per cent and a price to the borrower of 98.06. The price to be paid by the final investor is not yet known.

Three bidders were successful. Citicorp was allotted $50m worth of bonds, Samuel Montague $25m and Algemene Bank Nederland a further $25m. Each of the three banks is understood to have bid alone.

The yield to the bidding banks, on an annual yield to maturity basis, works out at 10.016 per cent. The effective cost of the money to the EIB must be slightly higher than this because the EIB is bearing the costs of organising this tender.

However, a major bank (which did not put in a bid) said last night that the EIB had succeeded in raising funds more cheaply than if it had stuck to tradition and given a mandate to a bank to organise the bond issue.

The total amount of the bids submitted at tender was $675m. Meanwhile, the EIB is understood to have completed a £15m 12-year Eurosterling private placement through S. G. Warburg. Final terms of this issue include a coupon of 12 per cent with pricing at par. The bonds have an average life of just under 10 years.

All major sectors of the Eurobond market were very quiet yesterday. In the dollar sector, bond prices were slightly easier on the day, where changed, while in the Deutsch Mark sector they were mixed. This sector was virtually at a standstill as dealers waited to know whether the Bundesbank would decide to tighten credit at its meeting today. The markets have already discounted a rise of ½ point both in the German discount and Lombard rates.

The DM 150m eight-year bullet issue for Brazil which is being arranged by Deutsche Bank was priced yesterday at 11¼. It was quoted in early trading at a discount of between 1 and 1½ points.

In the Swiss franc sector, Union Bank of Switzerland is arranging two bond issues for Ricoh. The first is in the form of a SwFr 50m private placement of convertible bonds due in 1984 and carrying a coupon of 4¼ per cent. The second is in the form of a SwFr 20m private placement of straight bonds carrying a coupon of 4¼ per cent. A price of par has been agreed for both issues.

Nippon Housing Loan Co. has completed a private placement of SwFr 20m for five years through Swiss Bank Corporation. The borrower is paying a coupon of 4½ per cent with pricing at par.

A SwFr 25m five-year convertible bond has been arranged for Nippon Beet Sugar Manufacturing Co. Ltd. through Banque de Paris et des Pays Bas (Suisse). The borrower is paying a coupon of 4½ per cent and a price of par.

● NEWS ANALYSIS—TOYO KOGYO/FORD

Ready for the market battle

BY CHARLES SMITH IN TOKYO AND JOHN WYLES IN NEW YORK

FORD and Toyo Kogyo began discussing financial links as long ago as 1972, but the talks broke down because of "unacceptable" demands made by Ford for effective control of the Japanese company, according to Toyo Kogyo officials. Discussions were resumed seriously again last year after Mr. Henry Ford II visited Japan on the way home from a tour of China.

Toyo Kogyo emphasises that the arrangement on which agreement has now been reached in no sense gives Ford control. Toyo Kogyo "may" invite a limited number of Ford directors to sit on its board but the people concerned will not have the legal right to make commitments on behalf of the company.

What Toyo Kogyo does expect, as result of the tie-up, is that the business co-operation which is already under way between itself and Ford will expand substantially. Toyo Kogyo at present manufactures the Courier pick-up truck for sale by Ford in the U.S. and other markets and, from the start of next year, will supply transaxles for a new front-wheel drive Ford passenger car. More supply contracts of this kind are expected to be signed in future, although no details are available at present.

Toyo Kogyo says its business co-operation with Ford should strengthen its ability to survive the strenuous competitive conditions of the 1980s (when the world's major motor manufacturers will be fighting each other for shares of the low-energy consuming small car market).

The Toyo Kogyo-Ford link means that all three of the big American motor manufacturers will be involved in the Japanese motor industry through capital participation from the end of this year, since GM already has a 34 per cent stake in Isuzu Motors while Chrysler owns 15 per cent of Mitsubishi Motors Corporation.

The link between Ford and Toyo Kogyo gives Ford a full Japanese hand to play against General Motors, with its 34 per cent equity stake in Isuzu, and Chrysler, which has 15 per cent stake of Mitsubishi Motors Corporation

A feature of the links that have been established between the U.S. and Japanese industries is that smaller Japanese companies have sought, or at least accepted, American partners and, in the case of Honda, links with BL in the UK, while the industry leaders, Nissan and Toyota, have held aloof. This has appeared natural enough in the past, given the relative strengths of the companies concerned, but signs are now beginning to appear that the big two may also be interested in forging relationships "on a basis of equality" with motor manufacturers in other countries.

Mr. T. Ishihara, president of Nissan, told foreign journalists recently that he did not think Nissan and Toyota could afford to remain isolated while motor manufacturers elsewhere entered into trans-national alliances. Mr. Ishihara listed recent tie-ups between European car makers as instances of the way manufacturers of equal strength were getting together to face the competitive challenge of the 1980s.

As a starting point for a relationship between Nissan and an overseas car manufacturer, he suggested that the licensing of Nissan's emission control technology to a European manufacturer anxious to extend its sales in Japan. Japanese emission control regulations are the strictest in the world, and the Japanese motor industry has developed a correspondingly high level of technology.

As Mr. Philip Caldwell, Ford's president and vice chairman, stressed yesterday, the agreement with Toyo Kogyo offers the fulfilment of hopes we first had back in 1969."

Ford is deeply international in its thinking and has long seen several potential advantages from taking an investment in Toyo Kogyo. Undoubtedly the most important ones are the marketing opportunities in Asia and the Pacific to be gained from having a Japanese partner. Ford projects an overall annual growth of 5.7 per cent in car demand in the Asia/Pacific area, and 8.2 per cent annual growth for trucks.

Ford supplies these markets partly from the UK and partly from the U.S., but it has become increasingly aware of the strength of the Japanese co panies in the area. One of great hopes now is that it c add to its model range a penetration through distrib ing Toyo Kogyo vehicl through its dealers and its o cars and trucks through t Japanese companies' outlets.

Important Ford markets the area last year were Aust lia, where it sold 100,000 c to gain 22.4 per cent of t market and second place General Motors Holden, a 22,000 trucks or 16.7 per ce of that market. In N Zealand, Ford is the top c maker, with 15,000 sales l year and 23 per cent of t market and 3,000 trucks or per cent of the market.

By contrast, in the Phil pines, Ford sold a meagre 5,0 cars to take third place w 13.2 per cent of the market a 8,000 trucks and 25.3 per ce of the market.

Although its hopes a tempered by realism, Ford al expects the agreement strengthen its position in Jap where its sales last y accounted for less than 15 cent of Japan's 50,000 c imports.

Lastly, the Ford balance sh will receive some help from share in Toyo Kogyo equity a profits. One advantage of t deal which has been worked c is that Ford will not have divert more than $135m in ca from its hard-pressed finances which are geared towards huge model development capital spending programme the U.S.

Computer groups surge ahead

BY OUR FINANCIAL STAFF

TWO LEADING U.S. computer groups, NCR and Control Data, have reported strong second quarter profit growth.

At Control Data, the three months to June 30 contributed $37.6m against $24.5m a year ago and lifted the first half result to $61.5m compared with $49.4m. The second quarter revenue of $772m boosted the total for the six months to $1.5bn. The comparable figures last year were $666m and $1.3bn.

Meanwhile, NCR—the cash register and small business computer specialist—has reported a 50 per cent jump in second quarter net earnings to $58.9m on revenue up from $614m to $717.6m. This surge took the six month net profit to $89m from $56.8m a year ago. Revenues for the period rose from $1.12bn to $1.31bn.

Last February, Mr. Willi Norris, Control Data's chairm indicated that prospects 1979 were good despite uncertain economic outl When releasing the sec quarter figures, the comp said the outlook was still br but that quarter to qua fluctuations could occur. possible that the second qua could be the strongest quar this year.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary mark exists. For further details of these or other bonds see the complete list of Eurobond prices publish on the second Monday of each month.

Closing prices on July

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	99¼	99¾	0	+0¼	10.08
Alex Howden XW 9½ 91	30	83½	84½	−8¼	−1¼	12.10
Avco O/S Cap. 10½ 87	40	97½	98	−0¼	−0¼	10.67
Bayer Int. F. XW 7¼ 89	200	84½	84¾	0	−0¼	8.83
CECA 9¾ 84-99	50	94⅞	95¼	−0½	−0¼	8.93
Canada 9 83	400	†98¾	99½	+0¼	−0⅛	9.46
Canada 9¼ 98	350	98	99½	−0¼	−0⅛	9.55
Canadian Pacific 9¾ 89	50	98½	98⅞	0	0	9.97
Comalco Inv. E. 10¼ 91	40	99¼	99¾	−0¼	−0⅛	10.32
Dominion Bridge 10¼ 84	30	99⅞	100	0	0	10.31
Dow Chem. O/S 9¾ 94	200	98¼	98¾	0	−0¼	9.81
EIB 9⅞ 88	150	99¾	100¼	0	−0¼	9.88
EIB 9⅞ 99	100	100⅞	101	0	0	10.03
EIB 9⅞ 87	150	100¾	101¼	0	−0¼	9.92
EIB 10 99	150	101⅞	102	+0½	0	10.04
Export Dv. Cpn. 9.85 84	150	101	101½	−0½	−0¼	9.73
Export Dv. Cpn. 9¼ 84	100	97⅞	98	0	−0¼	9.85
Eksportfinans 9 86	50	95¾	96¼	0	−0¼	9.79
Finland 9⅞ 86	100	97¾	98¼	0	0	9.90
GTE Finance 9½ 84	50	97⅞	98	0	−0¼	10.10
GTE Finance 9¾ 89	55	96½	97	−0¼	+0¼	10.28
Gen. Motors Acc. 9¼ 86	100	98¼	98¾	0	+0⅛	9.58
Gould Int. Fin. 9¾ 85	50	98⅞	99¾	0	−0¼	9.93
Hoechst Fin. XW 6¾ 89	125	80¼	81	0	—	9.87
Hospital O/S 9 83	25	96½	97	0	−0¼	9.97
Hudson Bay Co. 10 94	50	100	100½	0	−0¼	9.95
Itel Finance 9¾ 90	30	†88	89½	0	−1	11.68
Itel Finance 10½ 93	40	†89	89½	0	−1	12.13
ITT Antilles 9½ 89	75	96⅞	97⅛	0	−0¼	10.00
Kennecott Int. 9⅞ 86	100	96¼	96¾	0	−0¼	10.22
Manitoba 9½ 89	75	97⅛	97⅝	0	−0¼	9.92
Nat. Gas Telecm. 9½ 86	100	98⅝	98⅞	0	0	9.78
New Brunswick 9¾ 94	75	97¼	97¾	0	−0⅛	10.07
Newfoundland 10 94	50	99½	100	+0⅛	−0¼	10.02
Norsk Hydro 9¾ 94	50	95½	95⅞	0	−0¼	9.81
Norway 9¾ 84	150	100⅞	101	−0¼	+0⅛	9.77
Norway 9¼ 84	150	98¾	99¼	0	−0¼	9.79
Nova Scotia Pwr. 9¾ 89	50	98¼	98¾	−0⅛	−0¼	10.01
Occidental Fin. 10¼ 84	50	99¾	100½	0	0	10.27
Orient Leasing 9½ 86	25	†96¼	96¾	−0¼	−0⅛	10.20
Pennwalt O/S F. 9¾ 84	25	98⅞	99⅝	0	0	9.97
Portland 10 84	50	97⅝	97⅞	+0¼	0	10.64
Quebec Hydro 10 98	75	96⅞	97	0	0	10.39
Redland Fin. XW 9¼ 91	25	†92	92½	+0¼	0	10.68
Sears Roebuck 9 82	150	98¼	98⅝	0	+0¼	9.53
Stockholm 9¾ 94	60	100¼	100¾	−0⅛	−0⅛	9.93
Sweden 9¾ 89	100	99⅝	99¾	+0¼	0	9.82
Sweden 9½ 86	200	99¼	99⅞	−0½	−0¼	9.80
Unilever NV 9⅞ 87	100	97	97½	−0⅛	−0¼	9.76

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	93½	94¼	0	−0½	4.57
Argentina 6½ 88	150	89	89¾	−0½	−0½	8.17
Argentina 7½ 89	150	93¼	94¼	−0½	−0⅝	8.42
Austria 5¾ 90	150	88⅝	89¼	0	−0¼	7.22
Banco Desarrollo 7¼ 86	100	94½	95½	−0¼	−1¼	8.27
Barclays O'seas 6¾ 89	100	96½	97¼	−0¼	−0½	7.18
Bq. Ext. Algerie 7¼ 85	100	94½	95¼	−0¼	−0⅛	8.26
Brazil 7¼ 87	150	96½	97½	−0¼	−0¼	7.83
CECA 6 88	150	90¼	90⅞	0	−0½	7.44
CECA 7 91	150	97¼	97¾	−0¼	−0½	7.33
Copenhagen City 6 90	75	88⅞	89⅝	0	+0¼	7.43
Council of Eur. 6¼ 88	130	92¾	93½	0	+0⅛	7.37
Council of Eur. 7¼ 89	100	98¼	98¾	0	−0¼	7.47
Denmark 5¾ 85	100	94	94½	0	0	7.02
Denmark 6½ 89	100	93¼	94¼	+0¼	+0¼	7.39
EIB 6½ 91	200	93¼	93¾	−0⅛	+0¼	7.35
EIB 7½ 88	200	100⅛	100⅝	−0⅛	−0¾	7.44
Eletrobras-Brazil 7 87	100	94	94½	−0¼	−0⅛	8.03
Eurofima 6½ 89	100	98¼	98⅝	0	−0¼	6.71
Finland 6 83	150	98¼	99¼	0	+0¼	6.32
Indonesia 7 84	100	95¼	95⅞	−0⅛	−0⅛	8.05
Megal Fin. 7 89	150	97¼	97⅞	0	−1¼	7.36
Mitsubishi Chem. 6½ 84	70	99⅞	100½	−0¼	0	6.46
New Zealand 6¼ 87	200	96¼	96⅞	−0⅛	0	6.86
Nippon Kokan 6½ 84	100	98¼	99⅛	0	−0¼	6.62
Nippon Tel. & T. 5¾ 87	100	91½	92½	−0¼	−0⅛	6.91
Nordic Inv. Bk. 6⅛ 86	60	94½	95½	0	−0½	7.23
Norges Komm. 7¾ 91	150	100⅝	100⅞	+0¼	−0⅝	7.65
Norway 6¼ 84	200	100⅝	100⅞	0	+0¼	6.12
Occidental 6¾ 90	150	93¼	93¾	+0⅛	−0⅛	7.62
OKB 6½ 88	100	96¼	96¾	0	−0¼	7.01
OKB 6 87	40	91½	92½	+0¼	+0¼	7.38
Tokyo Elec. Pwr. 6½ 85	200	97½	97⅝	0	−0¼	7.03
Venezuela 6½ 90	150	89½	89⅞	+0¼	−0½	7.93
World Bank 6¼ 88	400	91⅞	92¼	+0¼	−0¼	7.44

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3½ 93	40	93	93½	+0¼	+1¼	4.13
Asian Dev. Bank 3½ 94	100	95	95¾	+0¼	+1⅞	4.85
Aumar 5 89	60	100¾	101	+0¼	+0¼	4.89
Austria 3⅞ 93	100	90½	90⅞	+0⅛	+1½	4.38
Australia 3¾ 89	250	95½	95¾	+0⅛	+0⅞	4.23
Brazil 4½ 89	100	95¼	95¾	+0¼	+1⅞	4.87
Canada 3¾ 89	300	95	95½	+0¼	+0⅛	4.23
Council of Eur. 4⅛ 90	100	96	97	+0⅛	+1¼	4.65
EIB 4⅞ 91	100	99¾	100	+0¼	+1¼	4.51
Heron 4¾ 89	35	93	93½	−0⅛	+1	5.17
ICI Fin. NV 3½ 94	230	91¼	92	+0¼	+1⅛	4.25
Malaysia 4¾ 90	80	96	96½	−0¼	+0⅛	5.19
New Zealand 3½ 94	120	†91½	92	+0¼	+1⅛	4.27
OKB 3¾ 91	100	91½	91¾	+0¼	+0⅞	4.69
Pfand Ost. Lande 4 90	60	94¼	94⅞	+0⅛	0	4.63
Philippines 4¼ 89	50	98¼	98½	+0¼	−0¼	5.23
Sandvik 4 90	85	95¼	96½	+0⅛	+2¼	4.64
Spain 4 91	100	94½	94⅞	+1	+0⅞	4.60
Steweag 4¾ 91	60	102	102¼	+0¼	+0⅛	4.52
Voest-Alpine 4¾ 89	90	103⅝	103¾	−0¼	+1	4.28
World Bank 4¾ 89	100	104½	104¾	+1⅛	+1½	4.10

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	88	88¾	−0	−0⅛	7.89
Australia 5.6 83	30	93½	94½	0	+1½	7.38
Australia 6⅞ 88	20	89⅝	90⅝	−0⅛	+0⅞	8.17
Finland 5.5 83	10	91½	92½	+0¼	+0⅞	8.02
Finland 6.2 88	10	90⅝	91¼	0	0	8.40

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	95⅞	96⅞	0	−0¼	[illegible]
Avco Fin. 10¾ 86 C$	25	96¼	96¾	−0¼	−0¼	[illegible]
Ex. Dev. Cpn. 10 84 C$	60	99¼	99¾	0	0	[illegible]
Fst. Can. Inv. 10 84 C$	50	98⅞	99¾	0	+0¼	[illegible]
Hudson Bay 10½ 89 C$	60	99⅝	100⅛	0	+0¼	[illegible]
Quebec 10¼ 86 C$	50	97⅝	98¼	0	0	[illegible]
R. Bk. Canada 10 86 C$	40	99⅞	100⅜	−0⅛	−0⅛	[illegible]
R. Bk. Canada 10 94 C$	40	96¼	96¾	0	−0¼	[illegible]
Copenhagen 8¼ 91 EUA	25	97⅞	98⅞	0	+0⅛	[illegible]
Komm. Inst. 7½ 93 EUA	15	94½	95½	0	+0¼	[illegible]
Panama 8¼ 93 EUA	20	93½	94½	0	−0¼	[illegible]
SOFTE 8¾ 89 EUA	40	95¾	97	0	−0¼	[illegible]
Algemene Bk. 6¾ 83 Fl	75	91½	92½	−0¼	−0¼	[illegible]
CFE Mexico 7¾ 83 Fl	75	93½	94¼	−0⅛	−0⅛	[illegible]
EIB 7¼ 85 Fl	75	90⅞	91⅞	−0¼	−0¼	[illegible]
Ned. Middbk. 8¼ 84 Fl	75	98¼	98¾	+0¼	+0¼	[illegible]
New Zealand 6¾ 84 Fl	75	90¾	91½	−0¼	+0¼	[illegible]
Norway 8¼ 84 Fl	100	96⅞	97⅞	−0¼	−1¼	[illegible]
Elf Aquitaine 9¾ 88 FFr	150	92	93	−0½	−2¾	[illegible]
EIB 9¾ 88 FFr	200	92	93	−0½	−2½	[illegible]
Euratom 9¼ 97 FFr	150	92	93	−0½	−3¼	[illegible]
Norway 9¼ 84 FFr	200	94½	95½	−1¼	−1¼	[illegible]
PSA Peugeot 9¾ 87 FFr	175	91¾	92¾	−0½	−3	[illegible]
Saint-Gobain 9¾ 86 FFr	130	92	93	−0½	−3¼	[illegible]
Solvay et Cie 9¾ 87 FFr	125	91⅞	92⅞	−0¼	−3¼	[illegible]
Total Oil 9¾ 87 FFr	150	91⅝	92⅝	−0½	−1½	[illegible]
Unilever 10 85 FFr	100	96¼	97¼	−0¼	−1½	[illegible]
Citicorp 10 93 £	20	92¾	93½	+0¼	+0¼	[illegible]
EIB 9¾ 88 £	25	90¼	90⅞	+0½	−0¼	[illegible]
EIB 11½ 91 £	25	96½	97⅞	−0¼	−0¼	[illegible]
Finance for Ind. 13 91 £	12	103¾	104¼	+0½	+0¼	[illegible]
Fin. for Ind. 12½ 89 £	30	100	100½	+0½	+0½	[illegible]
Gen. Elec. Co. 12¼ 89 £	50	101⅛	101⅝	−0¼	−0¼	[illegible]
Euratom 8 87 LuxFr	500	96¼	97¼	+0¼	−1¼	[illegible]
Norges Km. 8 85 LuxFr	500	96	97	0	+1	[illegible]
Oslo, City of 8 89 LuxFr	500	97¾	98¾	0	0	[illegible]
Solvay Fin. 8 85 LuxFr	500	95¾	96¾	+0¼	−1	[illegible]
Swedish Bk. 8 88 LuxFr	500	†95¾	96¾	0	+0¼	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. M5.5 89	0¼	98¾	99¼	11/1	11	[illegible]
BNDE M6 89	0¼	97	97¼	21/9	11½	[illegible]
Banco di Roma M6 87	0¼	98¼	98⅞	26/10	11.19	[illegible]
Bco. Nac. Argent. 7 88	0¼	97¼	97¾	22/8	11½	[illegible]
Banco Prov BA M7½ 86	0¼	98¼	99	12/6	11	[illegible]
Banco Urquijo 6 86	0¼	97⅞	98¼	21/8	11½	[illegible]
Bank of Tokyo M5½ 93	0¼	98⅞	99⅜	18/10	11¾	[illegible]
Bq. Ext. d'Alg. M7.5 85	0¼	95	96	2/11	11⅞	[illegible]
BNP 5½ 91	0¼	98⅜	98⅞	22/2	11⅝	[illegible]
Citicorp O/S Fin. M6 84	‡0¼	99½	100	3/9	10.69	[illegible]
Creditanstalt M5½ 91	‡0¼	98¼	98¾	14/9	10⅞	[illegible]
Gotabanken M6 88	0¼	98½	99¼	15/5	11½	[illegible]
Ind. Bk. Japan M5½ 88	0¼	99¼	99⅞	1/12	10.94	[illegible]
Jugobanka M8 89	0¼	95¾	96¾	23/11	11⅞	[illegible]
LTCB Japan M5½ 86	0¼	99½	100	3/10	11⅛	[illegible]
LTCB Japan M5½ 89	0¼	99	99½	7/12	11⅛	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price. † Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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BATTLE FOR CONTROL OF NATIONAL AIRLINES

Pan Am's chances rated highest

BY JOHN WYLES IN NEW YORK

ON THE FACE of it, the U.S. Civil Aeronautics Board appeared on Tuesday to deny the spirit of deregulation and enhanced competition with which it is now so infected. By allowing both Pan American World Airways and Texas International Airlines (TXIA) to go ahead with their attempts to acquire National Airlines, the Board was virtually guaranteeing the disappearance of one financially strong, potentially virile competitor from an industry which is not exactly overpopulated with the type.

Implicitly, however, the Board appeared to be saying that if Congress wanted a more competitive airline market when it passed the Airline Deregulation Act last October, then the market must be left to decide the size and shape of the industry, subject to the provisions of the Federal anti-trust laws.

For the moment, this is more supposition than fact, because the extent to which the CAB is ready to leave final judgment to the market and to the anti-trust division of the Department of Justice will be more apparent in two or three months' time. By then it will have also decided on the merits of the third claimant for National, Eastern Airlines, which directly competes with National on a number of major north-south routes to Florida. If Eastern were to gain control of National, there would then for a time be a clear diminution of competition on these routes—a point already made by a CAB administrative law judge in urging the Board to veto Eastern's proposal.

However, Judge William Dapper, another CAB judge, had reached similar conclusions about the Pan Am and TXIA cases, but on Tuesday the Board chose to differ. Mr. Marvin Cohen, the CAB chairman, flatly rejected Judge Dapper's view that a green light for TXIA and Pan Am would encourage a wave of airline mergers. The only conceivable concession to the judge was the decision that if Pan Am won National, then the Miami - London route, operated by National since 1970, would be up for possible reallocation to another airline.

Judge Dapper had argued that the U.S.-London route was already highly concentrated with Pan Am, British Airways and Trans World Airways accounting for 95.5 per cent of the traffic in 1977. Pan Am's share was 31 per cent and would grow to 35 per cent with National's route, said the judge, constituting a breach of the Clayton Act by lessening competition.

Whatever Mr. Cohen may think, deregulation and a passive CAB look likely to encourage further concentration within the industry for reasons similar to those which spurred on TXIA and Pan Am. Broadly, they were the lure of cheap assets and desire to be as well positioned as possible for a competitive future which was bound to be a great deal more difficult, and different from the regulated and more predictable past.

Six years ago, TXIA was a struggling near-bankrupt regional airline which barely strayed outside the Texas border. Under a new management which embraced discount fares while the majors were still fearful of their impact, TXIA grew into a mighty minnow with revenues in 1977 of close to $150m. With deregulation looming and a CAB regime under Mr. Alfred Kahn which looked lovingly on the entrepreneurial spirit, TXIA saw the prospect of winning National

Deregulation and the passive attitude adopted by the Civil Aeronautics Board seem likely to encourage more concentration within the industry. The reasons will be similar to those spurring on both TXIA and Pan Am: cheap assets and the desire to be well positioned for a competitive future

TXIA hoped last July to gain control without buying more than 50 per cent of National's stock, but its calculations were upset by Pan Am. The U.S. flag carrier overseas was no more significant domestically than TXIA. The CAB had not in the past encouraged its attempts to develop a domestic route structure, and while it was losing money for eight consecutive years between 1969 and 1976, Pan Am did not have the resources to develop much of a domestic presence.

Acquisition of National, however, would in one fell swoop land Pan Am a domestic system which was not only profitable but which would ferry passengers to important "gateways" such as Los Angeles and San Francisco for onward international Pan Am flights. Deregulation certainly offered Pan Am more opportunity to sprout a domestic route structure of its own, but in National it also offered the chance of acquiring one much more cheaply.

When TXIA first revealed its interest in controlling National on July 10 last year, it had already bought 9.2 per cent of the company's stock for between $17 and $19 per share. It has since gone on to purchase just under 25 per cent (at the insistence of the CAB placed in a non-voting trust) at an average of $27 per share. Yet National's book value last year which understated the value of its assets, was $24 per share. TXIA told Judge Dapper during his hearing last October that it estimated the value of National's fleet and ancillary equipment at $76.25 per share.

Pan Am meanwhile has calculated that to buy National's route system and a fleet of planes to fly it would cost $1.2bn. Yet it was able to declare its interest last August on the basis of a proposed $35 per share offer, subsequently raised to $50 a share or $428m which was accepted by National's shareholders in May.

This morning Pan Am is the airline most likely to succeed in carrying off National. Its offer is in cash and supported by National's board and shareholders, while TXIA's is $50 in cash and stock and is opposed by National. TXIA, moreover, is unlikely to find the funds to survive a bidding contest with Pan Am. But its disappointment at losing would undoubtedly be softened by a capital gain of about $50m to be made on selling its National stock to Pan Am.

TXIA in fact has everything to gain and nothing to lose, for in the unlikely event of Eastern capturing National, the pay-off would be at least $50 a share and could be somewhat more since the terms have already been agreed for a controlled bidding contest between Eastern and Pan Am starting at $50.

Large orders boost Messerschmitt

BY JONATHAN CARR IN BONN

AFTER MORE than doubling its net profit in 1978, Messerschmitt-Boelkow-Blohm (MBB), West Germany's leading aerospace concern, is moving into the 1980s with a big investment programme and heavy order books for both military and civil work.

In keeping with the fast expansion, MBB's capital is being increased from DM 85m to DM 155m ($84.70m). Of this, DM 25m is being drawn from reserves, the remainder from MBB's owners who include the states of Bavaria and Hamburg as well as industrial and private interests.

MBB is thus now in a good bargaining position in the complex talks going on over reorganisation of the domestic aerospace industry.

Net profit last year rose to DM 26.8m from DM 10.1m in 1977 and turnover increased to DM 2.1bn from DM 1.8bn. MBB achieved a profit-sales ratio of 1.3 per cent after 0.6 per cent in the two previous years.

Orders in hand stand at almost DM 5bn.

All main sectors of MBB's activity (including military work, helicopters and space facilities) were profitable last year except for large aircraft construction and here the loss is said to have been cut against 1977.

MBB, the larger of the German main partners in the consortium building the Airbus, is benefiting from the sales boom for the twin-engined airliner over the last year. But problems, including the long-term fall of the dollar (in which the Airbus is priced), appear to be putting further away the point at which the European governments backing the Airbus might start to see a return for their money. At MBB, break-even point is now being tentatively set at around 800 aircraft delivered against earlier estimates of less than half that.

Of the total DM 1bn investment now planned by MBB to the end of 1983, DM 470m will be going to the Airbus. This is good news in particular for MBB's facilities in North Germany, an area which has tended to suffer from the slow start to Airbus sales a few years ago combined with the concentration of profitable military work in South Germany.

The military side remains buoyant with MBB sales up to DM 758m in 1978 against DM 550m a year earlier. The successes here include the Milan, Hot, Roland and Kormoran weapon systems—the first three in collaboration with the French through "Euromissile."

On the military aircraft side, MBB (already one of the partners in the Tornado MRCA project) is setting its sights on a new tactical combat aircraft for the 1990s—the TKF-90.

Company sources describe the envisaged trilateral European co-operation on TKF-90 (West Germany, Britain and France) as an "optimal solution." But collaboration with the U.S. is not ruled out should the European option fall through.

The problems of inter-European co-operation are matched in complexity by the long-heralded but still absent reorganisation of the West German aerospace sector, in which MBB and the troubled Germao-Dutch VFW-Fokker are the two key parties.

The tentative solution now starting to emerge would involve a take-over by MBB of the German VFW, once VFW had been separated from the Dutch Fokker. This would be combined with a guarantee to Krupp, one of VFW's main shareholders, of a substantial holding—a figure of 10 per cent is mentioned—in the big new German concern resulting from the take-over.

Both political and financial difficulties remain. It does not even seem certain yet that VFW and Fokker will in fact separate. Nonetheless, the federal government in Bonn is pressing for the re-organisation and the aerospace sector remains highly dependent on government contracts.

Darty holds on to high rate of growth

By Terry Dodsworth in Paris

DARTY, THE electrical consumer goods retailing group, is expecting to come close to last year's growth rate of about 20 per cent, despite a slowdown recently in French consumer demand.

The company lived up to its reputation as one of the fastest-growing enterprises in the retailing sector last year by increasing sales by 24 per cent and net profits by 19 per cent.

In the first four months of this financial year, starting at the beginning of March, sales have increased by a similar amount.

Darty is aiming to maintain its expansion by opening five new stores in tha current year, to add to the 51 already operating. Investment should reach about FFr 40m ($9.37m) the same as last year.

The results for the 1978-79 years, which ended in February, show sales rising to FFr 1.4bn against FFr 1.2bn in 1977-78, and FFr 872m in 1976-77. Net consnlidated profits rose to FFr 54m from FFr 45m in 1977-1978, while cash flow went up to FFr 83m against FFr 68m in 1977-78.

Last year was marked by the opening of 10 shops at sites spread around France. The company also took a majority stake in MDR, a group franchised by Darty and operating three stores in Normandy.

Darty is aiming to consolidate its position in the north of France this year, particularly in the Paris and Lorraine regions, while also expanding into Provence.

Fiat and Rockwell in talks on truck link

By Rupert Cornwell in Rome

THE FIAT motor group, Italy's largest private enterprise and Rockwell Corporation of the U.S. are in the preliminary stages of negotiations for a possible joint venture in the heavy vehicles component field.

Talks are at an early stage, and no details are available, but the joint venture, probably in Europe—if it is established—would involve Iveco, the heavy vehicle concern, 80 per cent owned by Fiat and 20 per cent by Kloeckner - Humbold - Deutz (KHD) of West Germany, with Rockwell.

However, Fia last night strongly denied reports that part of the arrangement would call for the U.S. company to take an equity stake in Iveco.

The factors arguing for a deal are the familiar nnes of cutting costs in the component field by rationalisation among existing manufacturers. Fiat also clearly hopes that it might draw special advantage from a pooling of its own considerable know-bow and network with that of Rockwell.

Investment company law hits snags

BY JIMMY BURNS IN LISBON

A DECREE law regulating the establishment in Portugal of private investment companies looks set to collide with vested political and economic interests.

The looming clash threatens to prevent the first attempt since the revolution five years ago to liberalise the state-owned banking system.

The broad principles of the law were approved by the non-party government of Dr. Carlos Mota Pinto in March although the details have only hegun to emerge in the past few weeks.

The law defines investment companies as "parabanking institutiona" These will be allowed to grant medium and long-term credits, to promote investments, and to participate in the equity of Portuguese companies as well as joint ventures.

This broad definition, based on an original proposal from the Bank of Portugal, has drawn initial applications, the majority of them with foreign backing, from groups wishing to be defined as investment companies.

It has, bowever, drawn the wrath of left wing political gronpings led by the Communist Party and bas created considerable unease among the nstionalised banks.

Now the former applicants are soft-pedalling in the face of what they regard aa the restrictive natura of the law. Sr. Antonio Saldanha, a representative of a financial services company formed last year in anticipation of the investment law by the Portuguese Industrialist Sr. Jose Manuel de Mello, Deutsche Bank and Morgan Guaranty, has criticised publicly three aspects

The investment companies will not be able to accept short-term deposits, they will not be able to issue guarantees unless they contribute no less than 10 per cent of the registered capital, and gearing ratio between the company's total commitments and net assets will be 1:10.

Sr. Saldanha said that, taking into account present conditions in Portugal particularly the high rate of inflation, these conditions would put the investment companies at a considerable disadvantage compared to the nationalised banks. He added that until the restrictions were lifted the MDM group would be "holding back their horses."

Sr. Saldanha's views are helieved to he shared hy a number of bnsiness groups including a consortium of industrialists in northern Portugal. This has been co-ordinated by Sr. Artur Santos Silva the former vice governor of the Bank of Portugal and is helieved to have the backing of at least two international banks.

All the applicants look upon the Investment companies as a potentially useful sourca of finance for medium-and long-term finance, particularly for small and meidum-sized private concerns which are suffering from the effects of recssion and which fell themselves "starved" of government credit.

Lufthansa to maintain dividend

BY ROGER BOYES IN BONN

LUFTHANSA, the West German airline, has promised to maintain its dividend this year despite losing revenue from the grounding of the DC-10 fleet and the effects of higher oil prices.

Dr. Herbert Culmann, Lufthansa chairman, said that although costs had risen by 11 per cent in the first half compared tn the same period in 1978, the net passenger and freight revenue had risen by 16 per cent.

Perbaps a more significant comparison is between May, 1978, and May this year, when kerosine price rises were starting to rise. Margins were narrowing in May but net revenue was still up hy 16.6 per cent and costs by 14 per cent. About 30 per cent of the cost increase in May was because of higher fuel costs.

The grounding of the DC-10 fleet is believed to bave cost Lufthansa abont DM 4m a day in revenue. But Dr. Culmann at the annual general meeting indicated that actual losses were considerably below this: fuel was saved, many passengers were allocated seats on other Lufthansa aircraft and the airline used the opportunity to refit and generally overhaul tha fleet in time for the peak season.

Dr. Culmann criticised hitterly the Fcderal aviation authority for allowing the grounding to continue in the U.S. The decision was based on the false assumption that flaws had developed in a 100-hour period between two inspections and that there was thus a risk of another catastrophe.

However, Dr. Culmann said it bas since been discovered that the flaw was overlooked on the first inspection and that there was no question of fatigue. Qn tbis basia Dr. Culmann said, DC-10s sbould be allowed into the air again.

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WEST GERMANY'S leading soft coal producer, Rheinische Braunkohle (Rheinbraun), is axpecting to benefit considerably from the oil price rise this year which is likely to help stabilise coal demand at a high level.

Rheinbraun, which is almost 100 per cent owned by Rheinisch Westfaelisches Elektrizitaetswerke (RWE) the conotry's largest supplier of electricity, believes that the oil prlce rise will lead to an lncreased demand for electricity (and perhaps higher prices) which will in turn create a need for more brown coal.

Dutch cruise group seeks financial aid

By Michael van Os

THE NEW Dutch cruise company Bestevaer has filed for a suspension of payments and is laying off its 170 employees from August 1, it was announced in Rotterdam. The company bas run into serious financial difficulties as a result of the delay in the delivery of a vessel from Greece, wbich has caused some 10 cruises to be cancelled.

Whether final bankruptcy can still be avoided depends on when the vessel actually arrives in Rotterdam and how much money can be claimed for damages, sucb as loss of income. The cruise company has heen atarted up after Holland-America Line, the last of the major Dutch cruise companies, had moved its operations from Rotterdam to the U.S. and the Caribbean.

Bridge group lifts capital

ROME — The consortium that plans to build a hridge to span the Straits of Messina has increased its capital by L400m to L1.25bn. The government is to consider preliminary plans for the bridge in the antumn and decide wbether to put together a second consortium of pnblic companies to help

The present consortium is dominated by the state steel group Finsider with a 35 per cent shareholding and Fiat whicb holds 28 per cent.

AP-DJ

Herstal turnover below budget

BRUSSELS—Fabrique Nationale Herstal, the Belgian arms manufacturing company, reports sales of BFr 6.7bn ($227.58m) for the first balf of the year, some 8 per cent below budget. The company pointed to the slow start of its new plane engine plant, which makes motors for the General Dynamics fighter F-16, and delays in production by its sports department.

Forecasts for the second half-year remain unchanged, however, with total 1979 sales still expected to be only a few per cent below BFrs 15bn. Initial company estimates put first-half cash-flow at BFrs 400m, or 10 per cent short of target.

Agencles

Peak sales for Turkish steelmaker

By Metin Munir in Ankara

TURKEY'S largest privately owned steel and rolling mill, Izmir Metallurji Fahrikasi (Metas), has declared a record turnover for 1978. Sales were the equivalent of $113.5m, 60 per cent higher than the previous year.

Based in Izmir, the Aegean sea port, the company, which ranks sixth among the top 50 private companies in Turkey, increased its net profit by 58 per cent to $13m, while assets moved up to $100m. Metas's output for 1979 is planned at 218,000 tons of rolling mill production. Overall turnover in 1979 is expected to increase by 8 per cent.

● Kutlutas Holding has declared consolidated revennes from sales and construction of $90m for 1978. This is 60 per cent higher than the previous year and a record for the Istanhul-based company.

Income after tax rose by nearly 100 per cent to $16.5m. Kutlutas is one of Turkey's largest private ventures. Its line of activity in construction includes complete erection of plants and structural steel work. Turnover of this sector amounted to $40.5m and is likely to increase this year.

Bank survey underlines Swiss currency impact

BY JOHN WICKS IN ZURICH

A SURVEY by a major Swiss hank underlines the adverse impact that last year's foreign exchange strength of the Swiss currency had on the sales and earnings of the country's leading companies.

The survey prepared by Union Bank of Switzerland shows a 3 per cent decline of group sales of the 100 leading Swiss industrial undertakings to a total of SwFr 92hn, despite a 5 per cent increase to some SwFr 30bn in the turnover of the reporting companies' domestic operations.

Of the 14 industrial concerns with more than SwFr 1hn annual turnover, only three showed a rise in sales in terms of Swiss francs in 1978, although numerous groups experienced a substantial rise in local currency turnover booked by foreign subsidiaries.

The top 100 Swiss industrial companiea increased their labour force by 3 per cent to some 800,000 last year, with 285,000 working in Switzerland. Almost nne half of such industrial companies published profit figures which showed a drop ln cash flow for 1978. There were widespread declines in net profit totals wlth five of the companies recording a loss for the year.

The country's top 50 trading companies showed generally better results than the industrials, largely because they operate to a greater extent on the home market. Total sales remained stable at some SwFr 30bn. Turnover of transport and service companies varied.

In the banking sector, the leading 50 companies increased their assets by 8.1 per cent to SwFr 312bn, although combined net profits fell by 4.3 per cent. Only 17 companies involved in the survey improved their results over 1977 levels.

Gross premium income of the 30 leading insurance companies went up by 3.3 per cent to SwFr 17.8bn.

Switzerland's three big industrial groups last year were again Nestle, with turnover of SwFr 19.53hn, Ciba-Geigy Boveri (SwFr 8.1bn), with the Alusuisse gronp (SwFr 4.94bn) taking over the fourth position from Hoffman-La Roche (SwFr 4.84bn).

In terms of assets the biggest Swiss banks last year were Swiss Bank Corporation (SwFr 63.24hn), Union Bank of Switzerland (SwFr 60.95bn) and Credit Suisse (SwFr 47.6hn). The list of insurance companies is headed in terms of premium income on own acconnt by Zurich Insurance (SwFr 2.43hn), Swiss Reinsurance with a 1977/78 total of SwFr 2.16bn and Swiss Life with SwFr 1.98bn.

Earnings static at Interfrigo

By Our Zurich Correspondent

OPERATING REVENUE of Interfrigo, the international refrigerated rail transport company owned by European railway administrations, rose from BFr 245.1m to BFr 300.4m ($10.2m) last year, despite a fall in overall traffic to 3.95bn tonne-kilometres — the lowest level since 1969.

Interfrigo, with its registered office in Brussels hnt its management in Basle, recorded almost unchanged net profits of BFr 4.1m for 1978. Nearly all of this sum will be used to distribute a gross dividend of 12 per cent.

● Switzerland's four higgest commercial banks—Swiss Bank Corporation, Union Bank of Switzerland, Credit Suisse and Swiss Volksbank — have announced a further rednction in their deposit interest rates.

These have been cut by 0.25 per cent to levels of 0.75 per cent for three- to five-month deposits, 1.25 per cent for six to eleven months, and 2 per cent for one-year money. The interest rates were last reduced as recently as May 31 and June 22.

NOTICE OF REDEMPTION

To the Holders of

Honeywell International Finance Company S.A.

6% Guaranteed Sinking Fund Debentures Due 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of February 15, 1966 providing for the above Debentures, $723,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on August 15, 1979, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said date:

DEBENTURES OF U.S. $1,000 EACH

M-53	664	1809	3175	3820	4317	5015	5886	9633	7390	7923	8975	9883	10862	11845	12397	13848
56	772	1813	3177	3824	4345	5016	5890	6663	7404	7938	8976	9886	10891	11850	12400	13874
88	776	1895	3178	3825	4396	5018	5902	6664	7408	7966	8996	9950	10898	11864	12410	13877
89	789	1901	3201	3826	4397	5019	5917	6737	7410	7972	9026	9956	10956	11909	12455	13880
61	801	2033	3202	3829	4398	5021	5919	6738	7415	8017	9029	9965	10960	11911	12456	13912
99	804	2055	3258	3840	4405	5022	5943	6770	7417	8046	9178	9972	11001	11973	12467	13957
106	807	2132	3259	3848	4435	5023	5958	6774	7425	8046	9187	9976	11017	11975	12473	13960
129	808	2161	3261	3870	4480	5029	5960	6775	7431	8071	9205	9979	11020	11987	12555	13992
188	820	2163	3262	3904	4489	5046	5970	9787	7456	8077	9223	9981	11035	11988	12575	14002
221	853	2230	3280	3939	4492	5053	5978	6835	7495	8139	9234	9988	11038	11989	12615	14006
223	854	2254	3284	3958	4501	5065	5987	6838	7513	8141	9287	10019	11040	12000	12708	14013
225	855	2260	3286	3959	4521	5075	5989	6869	7518	8153	9313	10023	11045	12003	12713	14021
226	857	2263	3307	3973	4559	5083	6011	6930	7528	8161	9314	10045	11061	12011	12743	14031
227	888	2265	3324	3974	4567	5088	6013	6976	7540	8185	9368	10046	11066	12105	12744	14638
230	915	2276	3364	4068	4570	5091	6022	7059	7555	8207	9369	10083	11070	12107	12746	14652
245	933	2280	3365	4070	4573	5133	6039	7060	7561	8347	9371	10091	11071	12108	12750	14662
264	1042	2283	3373	4077	4574	5138	6114	7061	7586	8461	9413	10094	11080	12129	12769	14745
270	1190	2291	3395	4081	4581	5141	8159	7063	7589	8477	9429	10095	11082	12148	12781	14747
275	1212	2296	3425	4084	4586	5155	6163	7069	7595	8491	9430	10096	11084	12153	12782	14833
277	1217	2335	3432	4087	4625	5159	6205	7078	7597	8532	9508	10097	11185	12157	12819	14840
283	1226	2349	3479	4102	4629	5162	9206	7082	7608	8544	9519	10117	11192	12160	12821	14847
288	1350	2369	3486	4107	4940	5167	9246	7086	7610	8556	9524	10153	11193	12162	12822	14878
298	1257	2370	3490	4108	4661	5169	6247	7088	7618	8559	9560	10155	11195	12174	12826	14895
299	1260	2462	3492	4109	4664	5173	6248	7091	7631	8566	9578	10255	11208	12178	12834	14913
302	1486	2463	3519	4115	4666	5174	6322	7118	7635	8573	9585	10290	11209	12187	12848	14917
303	1488	2464	3519	4156	4708	5175	6324	7151	7644	8576	9639	10318	11289	12250	12849	14919
312	1527	2465	3521	4170	4712	5184	6332	7152	7647	8599	9652	10320	11297	12258	12855	14928
318	1532	2476	3527	4173	4714	5200	6403	7154	7676	8601	9653	10321	11299	12278	12858	14947
320	1538	2571	3558	4183	4732	5202	6406	7179	7677	8631	9654	10324	11424	12289	12883	15009
335	1543	2576	3577	4184	4729	5206	6429	7182	7679	8659	9691	10326	11431	12304	12905	15010
352	1548	2578	3579	4187	4778	5276	6440	7191	7680	8666	9705	10500	11434	12313	12919	15011
353	1585	2580	3595	4193	4783	9277	6443	7244	7681	8691	9708	10580	11451	12314	12931	15024
411	1704	2646	3599	4204	4784	5285	9455	7255	7683	8717	9714	10600	11452	12329	12953	15026
419	1749	2742	3613	4219	4786	5298	6473	7262	7684	8718	9721	10602	11454	12331	12956	15028
435	1759	2763	3632	4220	4793	5323	6474	7263	7687	8723	9765	10604	11470	12337	13175	15047
436	1776	2857	3635	4221	4858	5340	6502	7264	7690	8730	9774	10611	11590	12359	13177	
441	1780	2866	3672	4223	4880	6519	6529	7264	7697	8809	9782	10613	11604	12360	13198	
454	1786	2868	3787	4261	4882	5761	6531	7294	7774	8869	9784	10636	11660	12365	13377	
585	1791	2877	3778	4267	4925	9778	6532	7295	7780	8871	9785	10639	11712	12370	13379	
568	1792	2994	3789	4285	4835	5781	6571	7311	7839	8898	9794	10842	11719	12373	13383	
640	1593	3083	3791	4291	4936	5785	6575	7383	7844	8927	9840	10847	11720	12389	13387	
644	1804	3169	3794	4292	4978	5800	8601	7385	7870	8946	9841	10852	11795	12393	13822	
647	1807	3173	3805	4310	4995	5884	6603	7388	7871	8962	9855	10857	11799	12395	13830	

On August 15, 1979 the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, 13th floor, New York, New York 10015, or (b) at the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt; Amsterdam-Rotterdam Bank N.V. in Amsterdam; Banca Commerciale Italiana in Milan; or Banque Internationale à Luxembourg S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due August 15, 1979 should be detached from the Debentures and presented for payment in the usual manner.

On and after August 15, 1979 interest shall cease to accrue on the Debentures selected for redemption.

HONEYWELL INTERNATIONAL
FINANCE COMPANY S.A.
By: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, Trustee

Dated: July 12, 1979

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. $1,000 EACH

M-3696	3941	3966	4504	5325	7420	7421	7504	7505	7539	8973	8974	9476	12167

Companies and Markets

INTNTL. COMPANIES

IXL launches bid for Provincial Traders

BY JOHN ROGERS IN SYDNEY

THE Melbourne-based food and canning group, Henry Jones (IXL), yesterday launched an A$28m (US$31m) bid for Provincial Traders, in a takeover move which could create one of Australia's biggest food groups—eight months after buying its initial stake in the Brisbane company.

The bid, which now carries the blessing of both boards, is A$1.65 a share for the capital not already held by IXL. It comes after two weeks of intensive discussion brought about by IXL's recent foray into the Provincial's capital, which saw its stake jump from 14 per cent to just over 20 per cent.

IXL purchased its initial stake in Provincial by buying out Food Investment's parcel after that company gave up its takeover aspirations. Food Investment was a subsidiary of the Canadian arm of UK-based, George Weston Food, which made an abortive bid for Provincial in 1977. But it met strong opposition from the board when it tried to push its bid through the Foreign Investment Review Board.

Despite yesterday's board recommendation, IXL still has to overcome the parochial attitude of the Queensland Government, which condemned IXL's initial approach and immediately launched legislation to ban unwanted takeover bids from companies outside the state. The outcry from members of the business community was such that the Bill is now subject to a special committee of review.

However, state feelings are running high against IXL—and in turn the Commercial Banking Company of Australia, which is closely associated with IXL, is sure to call for a report on how the takeover will affect business within the state.

Understandably, IXL directors were quick to point out yesterday that although they expect significant benefits from integration and rationalisation of the two groups, this would be achieved with diminution of activities in Queensland.

A condition of the latest bid is that Provincial withhold dividend payment during the currency of the offer.

Smorgon withdraws offer for ATL

BY OUR SYDNEY CORRESPONDENT

SMORGON, the largest Australian private company, yesterday withdrew its A$14.5m (U.S.$10m) bid for the ailing electronic totalisator group, ATL, and immediately moved into the market for shares at A$1.20 a share—well below its initial bid price of A$1.45.

Directors said that as the Boards had been unable to reach agreement on the present worth of ATL, Smorgon had no alternative but to re-enter the floor of the exchange.

Smorgon withdrew its takeover bid following ATL's refusal to abandon its intention to sell its U.S. subsidiary, Autotote, to an American syndicate and after news that the group would incur an A$8.6m deficit in the June 30 year, just ended.

"This has drastically reduced the worth of ATL in its current form and necessitates the injection of several million dollars." Smorgon directors said when withdrawing the offer. The Smorgon group holds 23 per cent of ATL, which was acquired in sharemarket purchases.

Consolidated results from Casio

TOKYO — Casio Computer Company, one of the largest manufacturers of electronic calculators in Japan that depends heavily on exports, announced yesterday that its consolidated net profit totalled Y3.35bn ($15.39m) in the year to March 20. Sales came to Y88.33bn and per-share profit to Y49.96.

This is the first time that Casio has announced consolidated earnings and there are no comparisons with the previous year.

Casio said its sales overseas, accounting for 55.8 per cent of business, totalled Y47.59bn, while domestic sales were Y37.73bn.

The company sold electronic calculators worth Y57.46bn in the year and electronic computers valued at Y6.78bn.

The company is hoping to post a net profit of Y3.5bn in the current fiscal year on sales of Y95bn.

AP-DJ

Measures urged to stem El Al Airlines losses

BY L. DANIEL IN JERUSALEM

EL AL ISRAEL Airlines will finish the 1979/80 fiscal year with a loss of $71m and losses will rise to $97m in 1980/81 and to $140m the year after, unless urgent measures are taken to streamline the operations of the company.

Moreover, these figures could rise by $12m this year and by $18m in 1981-2 if the present trend towards higher oil prices continues, *it was reported by* Israeli Transport Minister Haim Landau.

He cited the high operating costs of the airline, disclosing that the average subsidy per employee (of whom El Al has about 5,000 in Israel and 1,000 abroad) will cost the state £2,000 per capita in 1979-80 and this may rise to three times that amount in 1980-81. He told the Knesset he was "shocked" by what he had discovered.

The operating expenses of an El Al crew are $900 per hour as compared with $600 for Pan-American, *it was pointed out by* one of the speakers.

The director of El Al, former airforce chief Mordechai Hod, resigned earlier this week having been plagued by frequent labour disputes.

Setron acceptances top 90%

By George Lee in Singapore

HAW PAR Brothers International has secured control of 16.09m Setron shares, representing 90.16 per cent of the issued capital of the television and electrical company.

At the close of its offer to Setron shareholders yesterday Haw Par had received acceptances covering 9.505m Setron shares.

FELDA to expand commercial interests

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S Federal Land Development Authority, FELDA, was set up 23 years ago to give impoverished and landless farmers a viable plot of land, and it has since established itself as one of the most successful agencies in the developing world in combating rural poverty.

It has developed 1.2m acres of jungle and has resettled more than 52,000 families each on 8 to 10 acre plots of palm oil, rubber, cocoa or sugar cane.

Because of the commodity boom, the FELDA settlers are enjoying such prosperous times that the Minister of Land and Regional Development, Tan Sri Kadir recently had to caution them against excessive consumerism in cars, refrigerators and colour television sets.

The FELDA settlers currently account for 22 per cent of Malaysia's output of palm oil and 4.5 per cent of its rubber. Their contribution will grow even larger as new areas come under production.

With such volumes of commodities at its disposal, FELDA is easily the biggest seller in the palm oil and rubber market, although it had not played a role comparable to its size.

Recently, Tan Sri Kadir told a conference of FELDA managers that the authority would branch off into the commercial field, particularly in agro-based industries.

Primary role

However, the authority sees its primary role as developing land for settlers and is extremely profit-shy. "If we say one of our ventures has made good profits, the settlers would think we were making the profits at their expense. Often it does not occur to them we could make money from the other end, by value added to their products," said Raja Alias FELDA's executive chairman.

Apart from marketing the settlers' produce, FELDA has three joint ventures with the private sector.

It holds a 50 per cent share in a sugar mill with Perlis Plantations in Perlis State, a 60 per cent stake in FELDA-Johore Bulkers which operates palm oil storage installations at Pasir Gudang port in Johore, and a 66 per cent equity in FELDA Oil Products which refines the authority's crude palm oil.

Total paid-up capital of these ventures is 31.5m ringgit ($14.54m). FELDA Oil Products last year refined 44,000 tonnes of palm products worth 54m ringgit.

According to Raja Alias, the company had done "very well."

FELDA-Johore Bulkers is also doing well and have gone on to build installations for storage of refined, as well as crude palm oil, for export.

FELDA is finalising discussions on three other projects—a rubber factory with a Belgium company, a copra processing factory with a Swiss company, and a fertiliser plant with the Germans. Total paid-up capital of the three projects is about 30m ringgit.

The authority is the biggest consumer of fertilisers in Malaysia, spending between 80 and 90m ringgit a year.

Corporate investment

Apart from these joint ventures, FELDA, by mobilising savings from the various funds belonging to its settlers, has invested 37.7m ringgit in the corporate sector.

Most of these shares are in plantation companies, such as Highlands and Lowlands, Kuala Lumpur Kepong, Barlow Boustead, and Batu Kawan, and were acquired when these companies restructured their equity to accommodate Bumiputra (Malay) interests.

The market value of the shares has risen appreciably since they were acquired. FELDA is also thinking of starting its own ventures.

Financial analysts have often pointed to the FELDA settlers as a prime source of funds to buy up the millions of shares in the corporate sector reserved for the Malays.

But Raja Alias stressed that FELDA's main role is still in land development and the resettlement of landless farmers.

Despite the rapid exhaustion of land for agriculture in peninsula Malaysia, he reckoned the authority (which is opening up 100,000 acres annually) will have a good 15 years before it encounters land shortage.

The Sabah Government has recently allocated 230,000 acres for FELDA and this should keep the authority occupied for the next ten years in the East Malaysian state where it plans to resettle some of the Filipino refugees on its schemes.

COMPANY NOTICES

HOPE STREET FUND S.A.
société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
Section B No. 6.621

NOTICE OF
ANNUAL GENERAL MEETING
OF SHAREHOLDERS

The Annual General Meeting of Shareholders of HOPE STREET FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen, on July 20th, 1979, at 15.30 hrs. for the purpose of considering and voting upon the following matters:

1) To hear and accept the reports of:
a. the directors
b. the statutory auditor.
2) To approve the balance sheet and profit and loss account for the year ended March 31st, 1979, and to consider declaration of dividend.
3) To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1979.
4) To elect the directors to serve until the next annual general meeting of shareholders.
5) To elect the auditor to serve until the next annual general meeting of shareholders.
6) Any other business.

This Annual General Meeting will be followed by an Extraordinary General Meeting having the following agenda:

1) To amend Article 18 of the Articles of Incorporation of HOPE STREET FUND S.A. by adding to the third paragraph of said Article 18, a subsection e) to read as follows:
"e) Where in the special circumstances affecting the Fund the Board of Directors is of the opinion that any such repurchase is likely to seriously prejudice the rights of the other shareholders."
2) To amend Article 18, second paragraph by deleting therein the words "on the next valuation date."

The shareholders are advised that no quorum for the statutory meeting is required and that all decisions will be taken at the majority of the shares present or represented at the meeting, with the restriction that no shareholder neither by himself nor by proxy can vote for a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

Resolutions on the points of the agenda of the Extraordinary General Meeting require the presence in person or by proxy of at least 50% of the issued and outstanding capital and must be adopted by a majority of 2/3 of the shares present or represented at the meeting.

In order to take part at the meetings of July 20th, 1979, the owners of bearer shares will have to deposit their shares five business days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with one of the following banks:

—Banque Générale du Luxembourg, S.A., LUXEMBOURG
—Clydesdale Bank Limited, 30, Lombard Street, LONDON EC2.

The Board of Directors.

NOTICE OF RATE OF INTEREST
BANQUE EXTERIEURE D'ALGERIE
US$50,000,000 FLOATING RATE
SERIAL NOTES DUE 1985

In accordance with the provisions of the Reference Agency Agreement between Banque Exterieure d'Algerie and Citibank, N.A., dated 11th June, 1979, notice is hereby given that the Rate of Interest for the initial six-months period has been fixed at 11¼% and that the Coupon Amount payable on 11th January 1980 against Coupon No. 1 will be US$500.00. Coupon No. 1 will be US$500.00 that such amount per US$1,000 principal amount of Notes (being 184 days divided by 360).

By: CITIBANK, N.A., LONDON
Agent Bank

11th July, 1979.

CONTRACTS AND TENDERS

THE HASHEMITE KINGDOM OF JORDAN
JORDAN ELECTRICITY AUTHORITY
SOUTH JORDAN
DEVELOPMENT PROJECT,
STAGE 1
KARAK STAGE II AND
SOUTH GHOR RURAL
ELECTRIFICATION

Tenders are invited for the design, manufacture, testing, delivery, erection, commissioning and maintenance for twelve months of equipment covered by the following tender document:—

Tender No. 47/78 (4041/83) for 117kms 33kV, 17.1kms 11kV single circuit overhead line, nine 33/10.4kV substations, thirty-one 100kVA 11/0.4kV transformers, with associated equipment, connected low voltage distribution service lines and metering equipment to supply 23 villages in Karak and South Ghor rural area.

The cost of one set of three tender documents is 25 Jordanian Dinars or £135 sterling. Tenders will be required to provide evidence of substantial experience in work of a similar nature.

An application has been made to the IBRD for a loan to cover the cost of the project and where appropriate payments for goods and services will be subject to the terms of any Loan Agreement.

A brief description of the scope of the works and general conditions pertaining to the contract may be obtained on written application to:

The Director General
Jordan Electricity Authority
P.O. Box 2310
Amman
The Hashemite Kingdom of Jordan
OR
Preece, Cardew & Rider
Paston House
165-197, Preston Road
Brighton BN1 6AF
Sussex
England

Applications should quote relevant tender number. Tender documents will be available from the Jordan Electricity Authority and Preece, Cardew & Rider at the above addresses from 11th July, 1979.

Tenders are to be returned to the Jordan Electricity Authority Office before noon on Tuesday, 4th September, 1979.

The Jordan Electricity Authority does not bind itself to accept the lowest or any tender, nor will it be responsible for any costs incurred by tenderers in preparing their tender.

MURRAY FUND S.A.
société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
Section B No. 6.621

NOTICE OF
ANNUAL GENERAL MEETING
OF SHAREHOLDERS

The Annual General Meeting of Shareholders of MURRAY FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen, on July 20th, 1979, at 15.00 hrs. for the purpose of considering and voting upon the following matters:

1) To hear and accept the reports of:
a. the directors
b. the statutory auditor.
2) To approve the balance sheet and profit and loss account for the year ended March 31st, 1979, and to consider declaration of dividend.
3) To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1979.
4) To elect the directors to serve until the next annual general meeting of shareholders.
5) To elect the auditor to serve until the next annual general meeting of shareholders.
6) Any other business.

This Annual General Meeting will be followed by an Extraordinary General Meeting having the following agenda:

1) To amend Article 18 of the Articles of Incorporation of MURRAY FUND S.A. by adding to the third paragraph of said Article 18, a subsection e) to read as follows:
"e) Where in the special circumstances affecting the Fund the Board of Directors is of the opinion that any such repurchase is likely to seriously prejudice the rights of the other shareholders."
2) To amend Article 16, second paragraph by deleting therein the words "on the next valuation date."

The shareholders are advised that no quorum for the statutory meeting is required and that all decisions will be taken at the majority of the shares present or represented at the meeting, with the restriction that no shareholder neither by himself nor by proxy can vote for a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

Resolutions on the points of the agenda of the Extraordinary General Meeting require the presence in person or by proxy of at least 50% of the issued and outstanding capital and must be adopted by a majority of ⅔ of the shares present or represented at the meeting.

In order to take part at the meetings of July 20th, 1979, the owners of bearer shares will have to deposit their shares five business days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with one of the following banks:

—Banque Générale de Luxembourg, S.A., LUXEMBOURG
—Clydesdale Bank Limited, 30, Lombard Street, LONDON EC2.

The Board of Directors.

C. ITOH & CO. LIMITED

DEPOSITARY RECEIPTS TO BEARER ISSUED BY HAMBROS BANK LIMITED (One Depositary Share Unit comprising 10 Deposited Shares of 50 Yen each)

Hambros Bank Limited announce that COUPON No. 31, representing the dividend due on the underlying shares for the half year ended 31st March, 1979 may be presented for payment in the usual manner at the Stock Office Counter, 41 Bishopsgate, London, EC2, or at Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, Luxembourg, on or after the 12th July, 1979.

The amount payable is Yen 1.5 per share (15 Yen per Depositary Unit) less Japanese Withholding Tax as applicable.

Coupons presented to Hambros Bank Limited must be lodged by Authorised Depositaries in London, and unless accompanied by an Inland Revenue Affidavit of non-residence, U.K. Income Tax will be deducted at the rate of £0.15 in the £ on the gross amount of the dividend before deduction of Japanese Withholding Tax.

12th July, 1979.

CREDIT NATIONAL
emprunt obligataire
U.S.$ 75,000,000 1978/1988
à taux d'intérêt variable

The rate of interest applicable for the six months period beginning on July 11th 1979 and set by the reference agent is 11% annually.

CHARTER CONSOLIDATED OVERSEAS N.V.
(Incorporated in Netherlands Antilles)

Notice to holders of French Franc 7% per cent Guaranteed Bonds due 1987

Bondholders are notified that copies of the Report and Accounts of Charter Consolidated Overseas N.V. for the year ended 31st March 1979 may be obtained without charge from the offices of the Company's Paying Agents and from Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ.

Charter Consolidated Overseas N.V.
Willemstad, Curaçao,
Netherlands Antilles

11th July 1979

ART GALLERIES

AGNEW GALLERY, 43 Old Bond St., W.1. 01-629 9176. Exhibition of OLD MASTER PAINTINGS. Until 27 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.

AGNEW GALLERY, 43 Old Bond St., W.1. 01629 6178. PERSIAN MINIATURES. An Exhibition of seventeen pages from the Houghton Shahnameh. Until 24 August. Mon.-Fri. 9.30-5.30. Thurs. until 7.

ANTONY d'OFFAY, 9, Dering Street, New Bond Street. DAVID JONES. Mon.-Fri. 10-6. 01-629 1576.

BROD GALLERY, 24, St. James's St., S.W.1. 01-839 3871. Paintings by JAN BRUEGHEL THE ELDER, until 20th July. Weekdays 10-6, Sat. 10-1.

BROWSE & DARBY LTD., 19, Cork St., W.1. KEITH GRANT—RECENT PAINTINGS "A WINTER JOURNEY."

CRANE KALMAN GALLERY, 178, Brompton Rd., S.W.3. 01-584 7566. MODERN BRITISH, EUROPEAN AND AMERICAN PAINTINGS AND SCULPTURE. Mon.-Fri. 10-6, Sat. 10-4.

DAVID CARRITT LIMITED, 15, Duke Street, St. James's, S.W.1. COROT AND COURBET. Until 13 July. Mon.-Fri. 10-5.

FIELDBOURNE GALLERIES, 63, Queens Grove, N.W.8. 589 3600. RODNEY BURN, R.A. eighteenth Birthday Exhibition. Lr. GALLERY. Contemporary Artists of the English School.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. SUMMER EXHIBITION and WORKS UNDER £500.

GALERIE GEORGE, 96-98, George Street, W.1. 01-935 3322. Fine 19th and 20th Century British & European oil paintings, watercolours and graphics at keen gallery prices. £100-£2,000. Mon.-Fri. 10-6.

LEFEVRE GALLERY, CONTEMPORARY PAINTINGS. Weekdays 10-5. Sat. 10-1. At 30, Bruton Street, London, W.1. Tel. 01-493 1572.

LUMLEY CAZALET, 24 Davies Street, W1. 01-499 4058. Akira Kurosaki—Recent woodcuttings. Until 27 July.

MALL GALLERIES. The Mall, S.W.1. Paintings and Miniatures of Flowers, Animals and Toadstools by Suzanne Lucas, VPRMS, FRHS, SWA, UA. Mon.-Fri. 10-5. Sats. 10-1. Until July 14th. Adm. Free.

MALL GALLERIES, The Mall, SW1. Society of Women Artists 117th Exhibition. Daily (inc. Suns.) 10-5. Until 1 p.m. 25th July. Adm. 20p.

MARLBOROUGH, 6, Albemarle St., W.1. EGON SCHIELE. Exhibition of watercolours and drawings until 31 August. Mon.-Fri. 10-5.30. Sat. 10-12.30.

OMELL GALLERIES, 40, Albemarle St., Piccadilly, W.1. New selection of fine modern French paintings including Blanchard, Chetious, Deschamps, Delin, Grosot, Herve, Jacob, Fosset, Robin, etc. and fine modern British marine paintings and watercolours.

OMELL GALLERIES, 22, Bury Street, St. James's, S.W.1. 19th CENTURY ENGLISH AND CONTINENTAL OIL PAINTINGS. Our current stock comprises over five hundred selected works with prices from £400 to £10,000. Write now or telephone 01-839 4274/5 for a complimentary copy of our SUMMER CATALOGUE.

SABIN GALLERIES, 4, Cork Street, W.1. 01-734 3186. EXHIBITION OF ENGLISH PAINTINGS 1611-1830. Monday-Friday 9.30-5.30.

SANDFORD GALLERY, 1, Mercer St., Longacre, WC2. 379 6905. Mon.-Sat. 11-6. MIXED SHOW. LANDSCAPE TO ABSTRACT. Inc. Jef Pickering and Sandra Blow.

THE BRADSHAW ROOM, 17 Carlton House Terrace, S.W.1. Colin McMillan—paintings & drawings. Mon.-Fri. 10-5, until 13 July. Adm. Free.

WADDINGTON GALLERIES, 31, Cork Street, W.1. 439 1866. HENRY MOORE Drawings and Watercolours 1927-59. 3rd July-28th July. Daily 10-5.30. Sats. 10-1.

WADDINGTON GALLERIES, 34, Cork Street, W.1. 439 1866. PATRICK CAULFIELD — Recent Paintings. 30th June-28th July. Daily 10-5.30. Sats. 10-1.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Suppers from 10-3.30. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Shows at midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

CURRENCIES, MONEY and GOLD

Sterling strong

Sterling continued to improve against most major currencies yesterday in response to a fairly good demand. As the likelihood of an imminent cut in MLR receded, so interest in sterling picked up once more. However, trading yesterday was rather thin, and after opening at $2.2310, sterling rose with one fairly big buyer in the market to $2.2450. By noon, however, the rate had fallen back to $2.2355 on profit taking and stayed there for most of the afternoon.

In later trading, remarks by Mr. Michael Blumenthal, U.S. Treasury Secretary, expressing confidence in the dollar, helped the dollar to recover, and sterling slipped to $2.2290 before improving to $2.2320-2.2330 at the close, a rise of 1 cent from Tuesday. Using Bank of England figures, its trade weighted index rose to 71.3, a level held at all three of the day's calculations, and compared with Tuesday's rate of 71.0.

The dollar lost ground overall, despite central bank intervention. The continuing silence of President Carter over his proposed energy speech caused more pressure, as dealers expressed concern as to whether or not any effective measures would be taken to curb energy demand. Against the D-mark, the dollar fell to DM 1.8285 from DM 1.8350 and to SwFr 1.6555 from SwFr 1.6620 in terms of the Swiss franc. Using Bank of England figures, the dollar's trade weighted index fell from 84.7 to 84.4.

Within the EMS, pressure started to build up on the weaker currencies, although the weakest member, the Belgian franc, stayed well within its maximum allowed divergence against the ECU. A probable rise today in key lending rates in West Germany was seen as the main cause, but intervention by several central banks restricted the D-mark to only a slight overall rise.

FRANKFURT—The dollar was fixed at DM 1.8265 yesterday, its second lowest level this year and well down from Tuesday's level of DM 1.8380. The Bundesbank once again intervened and bought around $33m at the fixing as well as further amounts outside the fixing. At one point the U.S. unit had fallen to DM 1.8247 before recovering to just over DM 1.8360. The delay in President Carter's energy speech depressed the dollar, while the D-mark was given further impetus by a strong market expectation that the Bundesbank would increase its discount and lombard rates today.

BRUSSELS—The Belgian franc lost ground against the D-mark, with the latter fixed at BFr 16.03625, up from Tuesday's level of BFr 16.03375 and closer to the D-mark ceiling of BFr 16.0740 within the EMS. This prompted the Belgian National Bank to intervene in the market, and they sold around DM 65m at the fixing. The dollar was weaker however, against the franc and eased to BFr 29.30 from BFr 29.49.

PARIS—The D-mark improved in terms of the French franc to FFr 2.3293 from Tuesday's fixing of FFr 2.3271 and the Bank of France sold about DM 25m in support of the franc.

MILAN—The lira declined against sterling but improved in dollar terms, while EMS currencies showed little overall change.

TOKYO—The dollar showed further improvement against the Japanese yen and closed at Y218.10 against Tuesday's close of Y217.60.

THE POUND SPOT AND FORWARD

July 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2290-2.2450	2.2320-2.2330	0.88-0.78c pm	4.46	1.95-1.85 pm	3.40
Canada	2.5870-2.6055	2.5880-2.5890	0.80-0.70c pm	3.48	1.98-1.88 pm	2.98
Nethlnd.	4.49-4.53½	4.49¾-4.50½	2¼-1¼c pm	5.33	5¼-4¼ pm	4.02
Belgium	65.20-65.90	65.25-65.35	15-5c pm	2.02	38-28 pm	2.02
Denmark	11.72½-11.78½	11.73-11.74	1¼ore pm-¼ dis	-0.38	1-3 dis	-0.68
Ireland	1.0820-1.0870	1.0828-1.0838	30-40p dis	-3.87	87-97 dis	-3.13
W. Ger.	4.07½-4.10½	4.08-4.09	3¼-2¼pf pm	8.07	8-7 pm	7.34
Portugal	108.65-109.60	108.70-108.90	30-90c dis	-6.61	100-250 dis	-6.43
Spain	147.30-148.30	147.35-147.45	70-100c dis	-6.92	140-260 dis	-4.61
Italy	1,832-1,845	1,833-1,834	2¼-4¼ lire dis	-2.12	7½-9½ dis	-1.85
Norway	11.29½-11.36½	11.29¾-11.30¾	5-3ore pm	4.24	12¼-10¼ pm	4.16
France	9.49-9.55	9.50¾-9.51¾	2¼-1¼c pm	2.84	3-4 pm	1.89
Sweden	9.46-9.50½	9.47¼-9.48¼	3-1ore pm	2.53	6¼-4¼ pm	2.22
Japan	482-488	485-486	400-430	10.26	10.10-10.40	8.44
Austria	29.93-30.13	29.95-30.00	22-12gro pm	6.80	52-42 pm	6.27
Switz.	3.69-3.72½	3.69¾-3.70¾	4¼-3¼c pm	12.17	12¼-11¼ pm	12.58

Belgian rate is for convertible francs. Financial franc 68.55-68.65c pm. Six-month forward dollar 2.90-2.80c pm; 12-month 4.63-4.53c pm.

THE DOLLAR SPOT AND FORWARD

July 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2290-2.2450	2.2320-2.2330	0.88-0.78c pm	4.46	1.95-1.85 pm	3.40
Ireland†	2.0605-2.0650	2.0620-2.0640	1.45-1.25c pm	7.85	3.75-3.50 pm	7.03
Canada†	86.12-86.30	86.27-86.30	0.08-0.05c pm	0.87	0.12-0.09 pm	0.49
Nethlnd.	2.0140-2.0210	2.0150-2.0170	0.25-0.15c pm	1.19	0.40-0.30 pm	0.69
Belgium	29.22-29.31	29.22-29.25	3-5c dis	-1.64	9-12 dis	-1.44
Denmark	5.2505-5.2635	5.2520-5.2535	1.40-1.90ore dis	-3.77	5.00-5.50dis	-4.00
W. Ger.	1.8255-1.8285	1.8270-1.8280	0.67-0.57pf pm	4.07	1.89-1.79 pm	4.02
Portugal	48.63-48.76	48.65-48.70	35-45c dis	-10.28	90-130 dis	-9.04
Spain	66.02-66.07	66.02-66.05	60-70c dis	-11.81	160-175dis	-10.15
Italy	821.70-823.00	821.70-822.30	3.75-4.75 lire dis	-5.20	10.5-11.5dis	-5.36
Norway	5.0610-5.0635	5.0618-5.0628	0.70-0.20ore pm	1.07	1.70-1.20 pm	1.13
France	4.2520-4.2610	4.2550-4.2570	0.40-0.50c dis	-1.27	1.40-1.60dis	-1.41
Sweden	4.2330-4.2420	4.2410-4.2420	0.25-0.45ore dis	-0.99	0.55-0.75dis	-0.61
Japan	217.30-217.70	217.30-217.50	1.10-0.95y pm	3.86	2.80-2.65 pm	5.01
Austria	13.41-13.43	13.42-13.43	3.50-3.00gro pm	2.91	10.25-8.75 pm	2.83
Switz.	1.6532-1.6585	1.6550-1.6565	1.25-1.20c pm	8.88	3.90-3.85 pm	8.36

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

July 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.620357	—
U.S. $	9½	1.20698	1.37365
Canadian $	11¼	1.53178	1.58950
Austria Sch.	3¾	17.6022	18.6442
Belgian F.	9	38.2185	40.4286
Danish K.	8	5.85768	7.25110
D mark	4	2.38201	2.52331
Guilder	7½	2.62760	2.78455
French Fr.	9½	5.54463	5.87715
Lira	10½	1072.16	1136.35
Yen	4¼	281.357	220.043
Nrwgn. K.	7	5.59848	5.28705
Spanish Pta.	8	83.5257	88.8256
Swedish Kr.	7	5.51823	5.84829
Swiss Fr.	1	2.15551	2.28375

CURRENCY MOVEMENTS

July 10	Bank of England Index	Morgan Guaranty changes %
Sterling	71.3	-34.0
U.S. dollar	84.4	-8.9
Canadian dollar	81.2	-15.5
Austrian schilling	147.7	+12.6
Belgian franc	114.2	+13.0
Danish kroner	114.2	+3.2
Deutsche Mark	132.2	+41.6
Swiss franc	197.5	+81.8
Guilder	123.2	+18.3
French franc	99.0	-7.0
Lira	53.1	-48.8
Yen	131.5	+30.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 11	£	$		£ Note Rates
Argentina Peso	2072-2992	1330-1540	Austria	29.0-30.0
Australia Dollar	1.0843-1.2885	0.8890-0.8905	Belgium	57.8-68.8
Brazil Cruzeiro	57.74-58.74	23.83-28.30	Denmark	11.56-11.70
Finland Markka	8.63-8.64	3.8545-3.8565	France	9.35-9.50
Greek Drachma	n.a	n.a	Germany	4.00-4.10
Hong Kong Dollar	11.45½-11.47½	5.1380-5.1400	Italy	1,790-1,880
Iran Rial	162.12-158.63	72½-73½	Japan	480-490
Kuwait Dinar (KD)	0.612-0.622	0.2737-0.2758	Netherlands	4.40-4.50
Luxembourg Frc.	65.25-65.55	29.24-29.26	Norway	11.13-11.30
Malaysia Dollar	4.8255-4.8355	2.1635-2.1645	Portugal	102-105
New Zealand Dlr.	2.1945-2.2005	0.2830-0.0835	Spain	143-146
Saudi Arab. Riyal	7.47-7.57	3.3373-3.3383	Switzerland	3.60-3.70
Singapore Dollar	4.8248-4.8340	2.1635-2.1645	United States	2.19½-2.20½
Sth. African Rand	1.8830-1.8950	0.8435-0.8480	Yugoslavia	41-44

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4871	+2.61	+1.43	±1.53
Danish Krone	7.08592	7.26293	+2.50	+1.32	±1.635
German D-Mark	2.51064	2.52560	+0.60	-0.58	±1.1325
French Franc	5.79831	5.88432	+1.48	+0.31	±1.35
Dutch Guilder	2.72077	2.78542	+2.38	+1.20	±1.5075
Irish Punt	0.662638	0.669940	+1.10	-0.07	±1.665
Italian Lira	1148.15	1137.32	-0.94	-0.94	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 11	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.223	4.085	485.5	9.508	3.508	4.500	1834.	2.582	65.30
U.S. Dollar	0.448	1.	1.830	217.5	4.250	1.555	2.015	821.5	1.150	29.25
Deutschemark	0.245	0.547	1.	118.8	2.337	0.806	1.102	448.8	0.634	15.90
Japanese Yen 1,000	2.060	4.598	8.414	1000.	19.58	7.515	9.269	3777.	5.332	134.5
French Franc 10	1.052	2.348	4.297	510.6	10.	3.889	4.733	1928.	2.723	68.68
Swiss Franc	0.270	0.604	1.105	131.3	2.571	1.	1.217	485.9	0.700	17.55
Dutch Guilder	0.222	0.425	0.908	107.9	2.113	0.822	1.	407.4	0.575	14.51
Italian Lira 1,000	0.545	1.218	2.228	264.8	5.183	2.017	2.454	1000.	1.412	35.51
Canadian Dollar	0.386	0.862	1.578	187.6	3.673	1.422	1.738	708.3	1.	25.23
Belgian Franc 100	1.531	3.419	6.256	743.5	14.55	5.662	6.891	2808.	3.964	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 10.47-10.57 per cent; six months 10.47-10.57 per cent; one year 10.05-10.15 per cent.

July 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14¾-15¼	10¼-10½	9½-10½	8½-8¾	1-1⅛	5¼-5⅜	9½-10	14-18	—	2⅛-4
7 days' notice	14¾-15¼	10⅜-10⅝	9¾-10½	8⅝-8⅞	1-1⅛	5⅜-5⅞	9½-10	16-12	10½-10⅝	3⅛-3⅛
Month	14⅝-14¾	9⅞-10⅛	10⅝-11	9-9¼	1⅛-1¼	6-6⅛	11-11⅛	15-15½	9⅞-10⅛	4-4⅛
Three months	13¾-14⅛	10⅜-10⅝	10⅝-11	9⅛-9¼	1⅛-1¼	5⅞-5⅞	11¼-11⅝	15-16	10⅜-10½	5⅜-5⅛
Six months	13⅛-13⅞	10½-10¾	10⅛-11⅛	10-10¼	2¼-2⅛	7⅛-7⅛	11½-12	14½-13¼	10½-10⅝	6-6¼
One year	12⅞-12⅛	10⅛-10⅛	10⅛-10⅛	2⅞-10⅛	2½-2⅝	7¼-7⅜	11½-12	14-13	10⅛-10⅞	6⅛-6⅞

Long-term Eurodollar: two years 10-10⅛ per cent; three years 9⅞-10⅛ per cent; four years 9⅞-10 per cent; five years 9⅞-10 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates firm

Interest rates were generally firmer yesterday, with call money in Paris reaching 9½ per cent from 9 per cent, its highest level since March, 1978. This was in contrast to Tuesday's slightly easier trend, when funds available outstripped demand. Other periods were quoted at 9½-9⅝ per cent from 9½-9⅝ per cent for one-month, 9⅞-9⅞ per cent from 9⅞-9⅞ per cent for three-month and 10⅛-10½ per cent for six-month, which was unchanged from Tuesday. Twelve-month money rose from 10⅛-10¼ per cent to 10½-10⅝ per cent. At yesterday's tender of 18 month Treasury bills the yield rose sharply to 11.04 per cent from 9.86 per cent on June 20.

FRANKFURT—The possibility of changes in the Bundesbank's credit and monetary policies took one step nearer to being a reality yesterday, with an announcement of the Bank's intention to hold a Press conference after today's fortnightly meeting of the Central Bank Council. This is normally the procedure followed when any changes are made, and market sources see one of the more likely steps taken as being a rise in the discount rate in order to stem the increase in domestic credit expansion.

Interbank rates tended to reflect the possibility of higher rates, with one-month money rising to 6.20-6.30 per cent from 6.00-6.20 per cent and six-month money to 7.35-7.45 per cent from 7.15-7.30 per cent.

BRUSSELS—Belgium's key lending rates were left unchanged by the Central Bank yesterday with bank rate "A" quota at 9 per cent and "B" quota and lombard rates at 11 per cent. However the Belgian franc remained the weakest member of the EMS, which could prompt the authorities to increase rates later in the week. In support of the franc they have already spent well over BFr 3.5bn in the past week or so in the foreign exchange market.

Deposit rates for the Belgian franc (commercial) were firmer throughout, with one-month deposits at 11⅛-11⅞ per cent from 11⅛-11⅞ per cent and three-month deposit rising to 11⅞-11⅞ per cent from 11⅛-11⅞ per cent.

AMSTERDAM—Call money rose slightly initially, but then eased to 7½-7⅞ per cent from 8⅛-8⅞ per cent with little further change expected during the remainder of the week, despite gas royalty payments due later in the month. Central bank support in the foreign exchange market totalled some Fl 200m in the week ending July 9, although its foreign currency and gold reserves were higher at Fl 25.6bn.

GOLD

Slight fall

Gold fell back after Tuesday's record close, in the London bullion market yesterday, and closed $1½ an ounce down at $289½-290. Trading for most of the day took place within a very narrow range. However after opening at $290½-291½, the metal equalled its all time high of $291-291½, before falling back later in the day. The Krugerrand's premium over its gold content widened to 3.41 per cent from 3.31 per cent.

In Paris the 12½ kilo bar was fixed at FFr 41,700 per kilo ($305.06 per ounce) compared with FFr 41,845 ($305.96) in the morning and FFr 41,750 ($303.52) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,035 per kilo ($290.08 per ounce) against DM 17,150 ($290.08) previously.

	July 11	July 10
Gold Bullion (fine ounce)		
Close	$289¾-290 (£129.4-129.7)	$290¾-291½ (£130.2-131.2)
Opening	$290½-291¼ (£128.5-130.5)	$289½-290¼ (£131.5-131.2)
Morning fixing	$290.60 (£122.848)	$289.90 (£130.880)
Afternoon fixing	$290.30 (£120.900)	$29.050 (£131.151)
Gold Coins, domestically		
Krugerrand	$298½-300½ (£133½-134½)	$299½-301¾ (£134½-135½)
New Sovereigns	$73½-77½ (£33¾-34½)	$73¾-77¾ (£34-35)
Old Sovereigns	$93¾-97¾ (£42¾-45¾)	$94-95 (£42¾-43¼)
Gold Coins, internationally		
Krugerrand	$298½-300½ (£153½-134½)	$299¾-301¾ (£134½-135½)
New Sovereigns	$75½-77½ (£33¾-34¼)	$75¾-77¾ (£34-30)
Old Sovereigns	$93¾-97¾ (£42¾-43¾)	$94-90 (£49½-43¼)
$20 Eagles	$419-424	$485-430
$10 Eagles	$236-241	$230-235
$5 Eagles	$170-175	$164-159

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills and a small amount of corporation bills, both direct from the discount houses, as well as lending a small amount overnight at MLR to 2 or 3 houses. Discount houses were paying 13½-13⅞ per cent for secured call loans at the start with balances for the rest of the day taken between 13⅞ per cent and 14 per cent.

The market was faced with the call on Treasury 12 per cent 1984, which was termed as very large, and the repayment of Tuesday's moderate market advances. There was also a small net take up of Treasury bills to finance and revenue transfers to the Exchequer exceeded Government disbursements by a moderate amount. On the other hand funds were released in respect of the cut in the rate of call on special deposits and this was an exceptionally large amount. In addition there was a small decrease in the note circulation.

In the interbank market, overnight loans opened at 13⅞-14½ per cent, eased to 13½-13⅞ per cent, but came back to 13⅞-14 per cent by noon. During the afternoon trading took place at 13⅞-14 per cent but money appeared to stick in the system, with closing balances still commanding 14½-14⅞ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 11 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13½-14⅛	—	—	—	14¼	13½-14	—	—	—
2 days notice	—	—	13⅞-14¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	13⅞-14	14-14¼	—	14⅛	14⅜	13⅞-14	—	—	—
One month	14⅛-14	14-14⅛	14	14⅞-14⅝	14½	14⅝	13⅞-14	13¼-15⅛	14⅛	14½
Two months	14⅛-13⅞	13⅞-14⅛	—	14⅝-14⅛	14½	14⅝	15⅝	13⅞	13⅞	14¼
Three months	13⅞-13¾	13⅞-13⅞	13¾	13⅞-13⅝	14½	—	15⅝	13¼-15⅜	13¾	14⅛
Six months	13⅛-12⅞	13⅛-13¼	13-13⅛	12⅞-12¾	13¾	—	—	—	12½-12⅞	14⅛
Nine months	12⅞-12½	12⅝-12¾	—	12¾-12⅛	13⅛	—	—	—	—	—
One year	12⅝-12¼	12⅞-12⅞	12⅝	12⅝-18	13	—	—	—	—	—
Two years	—	—	12¼-12⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 12⅞ per cent; four years 12⅞ per cent; five years 12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 13⅛-13⅞ per cent; four-months trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13⅞ per cent; two-months 13⅞ per cent; three-months 13 15-64ths-13⅞ per cent. Approximate selling rates for one-month bank bills 13⅞ per cent; two-month 13⅞ per cent; and three-month 13⅞ per cent; one-month trade bills 14½ per cent; two-month 14½ per cent; and three month 14 per cent. Finance Houses Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2433 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5
Fed Funds	10.3125
Treasury Bills (13-week)	9.32
Treasury Bills (26-week)	9.21
GERMANY	
Discount Rate	4
Overnight Rate	5.575
One month	6.25
Three months	6.95
Six months	7.55
FRANCE	
Discount Rate	9.5
Overnight Rate	9.125
One month	9.3125
Three months	9.6875
Six months	10.4375
JAPAN	
Discount Rate	4.25
Call (Unconditional)	5.5625
Bill Discount (three-month)	6.25

Takeda Chemical Industries, Ltd.

Mr. Shinbei Konishi, President, Takeda Chemical Industries, Ltd.

Takeda 武田薬品工業株式会社

Report by Mr Shinbei Konishi, President, for the financial year ended 31st March, 1979.

The Japanese economy slowly improved during the period, stimulated by a series of reflationary measures taken by the Government. Towards the end of the period, however, the economy was aggravated by the oil situation and anxiety about inflation caused uncertainty about the future.

Under such circumstances, competition continued to be keen in each field of our business and the Yen's appreciation made exports unprofitable, although the Yen did depreciate to some extent towards the end of the period. To cope with this situation we continued our steady efforts towards promoting our business, reducing costs and increasing efficiency.

As a result, total sales were ¥373,019 million, 11 per cent above the previous period's record; recurring profit was ¥40,853 million and net profit was ¥18,689 million, after setting aside ¥6,500 million as a reserve for SMON compensation. All of the results considerably exceeded our expectations.

The sales of the pharmaceutical division increased substantially through reinforcement of our scientific information activities and steady sales promotion. Newly introduced drugs, such as "Celtol®" (an injectable sepharospolin preparation), also contributed to the sales increase.

Keen competition continued in the food products division but budgeted sales were attained as a result of qualitative improvement in our sales system, including expansion of distribution channels and promotion of retail demand.

Despite the continuous weakness of the market, sales of the industrial chemicals division increased about 10 per cent over the previous period as a result of the increase in demand for polyurethane resin and unsaturated polyester resin.

The agricultural chemicals division saw an increase in sales, supported by our well-balanced product lines and careful sales promotion, in spite of the stagnant demand caused by the strengthening of the Government's policy to reduce the rice harvesting area. Sales of the animal health products division also increased substantially as a result of increased demand.

Total export sales, though affected seriously by the Yen's appreciation, were maintained at the same level as that of the previous period due to appropriate sales policies. Further efforts are being made to strengthen our overseas activities. Laboratoires Cassenne-Takeda S.A., a joint venture with Roussel-Uclaf, France, which was established in July, 1978, commenced operations, and our other overseas subsidiaries continued to operate smoothly.

Our cash flow during the period was satisfactory due to our continuous efforts to reduce receivables and stocks and our efficient utilization of funds.

Capital investment increased substantially with the expansion of manufacturing facilities for new and existing products. Research facilities and facilities for product quality and safety were also expanded. These projects are all proceeding smoothly.

The above report covers the outline of our business activities during the period. Future economic conditions at home and abroad will continue to be severe due to such adverse factors as the oil situation and inflation. We intend to make every effort to develop superior products, improve product quality and safety, and to strengthen our marketing activities at home and abroad so as to maintain and better our business results.

Lastly, we wish to report on the SMON problem. The first settlement was reached in October, 1977 at the Tokyo District Court and subsequently proceedings for settlement were instituted at the Tokyo, Okayama, Kochi and Osaka District Courts. Through mediation of the courts, settlement was made with a total of 565 plaintiffs as of March 31, 1979. However, subsequent to a judgement by the Kanazawa District Court in March, 1978, the Tokyo, Fukuoka and Hiroshima District Courts issued judgements against the defendants. As a result of prudent examination of these judgements, we lodged appeals with the higher courts. We sincerely desire to solve this issue completely at an early date through mediation of the courts and are determined to continue our efforts to this end.

We hope that we shall be favoured with your continued understanding and assistance.

Energy sector leads early Wall St. retreat

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—27¾% (27½%)
Effective $2.2325 9⅞% (9%)

WITH HEAVY selling in the recently buoyant energy group spilling over into other sectors, Wall Street stocks mainly declined in a reduced but still substantial trading volume early yesterday.

The Dow Jones Industrial Average receded 6.82 to 843.52 at 1 pm, while the NYSE All Common Index reacted 38 cents

Closing prices and market reports were not available for this edition.

to $58.78 and falls outpaced rises by a nine-to-four margin. Turnover decreased to 24.95m shares from the previous day's 1 pm level of 30.14m.

Energy stocks backed off on dimmer prospects for decontrol of gasoline prices at the pump and Press reports about insider selling in the Energy group.

The White House said late on Tuesday that President Carter had decided against removing price controls on gasoline because of the expected inflationary impact.

Analysts also cited dollar weakness and renewed worries about the course of interest rates for the general downturn.

In the Energy group, Exxon lost ¾ to $55¼, Mobil 1 to $40¼, Superior Oil 1½ to $427, Atlantic Richfield 1¾ to $67, Mesa Petroleum ¾ to $63⅜ and Amerada Hess ½ to $44¼.

Volume leader, Pan American World Airways, moved up ⅛ to $6⅞, while Texas International Airlines put on ⅛ to $12⅞ on the American Stock Exchange. The Civil Aeronautics Board is not to oppose the two airlines' plans to buy National Airlines. National had yet to trade, but Eastern Airlines, a third suitor, was unchanged at $8. Eastern's takeover bid is still awaiting CAB review.

Harnischfeger jumped 4¼ to $25⅞ in heavy trading when it said a major European industrial company wanted to buy 8.8m of its shares at $27.50 each. Earlier Harnischfeger rejected a $20-a-share bid from Paccy.

Studebaker - Worthington added 1½ to $40 in active trading. Its management is to pursue merger talks with a U.S. industrial concern.

The American SE Market Value Index lost 2.54 to 197.68. Volume 2.83m shares (2.85m).

Canada

Most sectors continued to retreat in active trading yesterday morning, with the Toronto Composite Index declining 14.4 to 1,565.8 at mid-day. The Oils and Gas Index fell 72.7 to 2,698.9. Metals and Minerals 15.1 to 1,326.4, and Golds 7.5 to 1,636.6.

In Montreal, Utilities receded 1.75 to 231.20 and Papers 0.96 to 189.20, but Banks moved up 2.10 to 311.67.

Dome Petroleum shed 2¼ to C$45¼, Numac Oil 1¼ to C$38¾ and Gulf Canada 2 to C$35¾.

Argus Preferred C, the most active Toronto stock on 386,270 shares, rose 2¼ to C$23, while Argus Common moved up 4 to C$33¼. The company is paying a C$10 special dividend on both issues.

Tokyo

After Tuesday's sharp setback on interest rate and inflation worries, stocks continued to show a bias to lower levels, but fresh selective buying in Resources-related issues, Shippings and Trading Houses left the major market indices higher on the day.

The Nikkei-Dow Jones Average, down 81.50 the previous day, rallied 30.36 to 6,207.57, while the Tokyo SE index picked up 0.77 to 441.26. However, declining issues on the First Market section outpaced rises by 413 to 231 following another fair turnover of 320m shares (300m).

Among Trading Houses to show renewed strength were Mitsubishi, Y17 up at Y543, and Mitsui, Y25 higher at Y345. C. Itoh climbed Y30 to Y410.

Petroleums, including Nippon Oil and Teikoku Oil, also moved ahead, together with Collieries and Non-ferrous Metals.

On the other hand, export-orientated shares were predominantly lower. Canon receding Y10 to Y502, Nissan Motors Y15 to Y645, Sony Y20 to Y1,870 and Fuji Photo Film Y11 to Y580.

Toyo Kogyo weakened Y15 to Y480 after reports that it will give Ford Motor a 25 per cent interest through a merger with Ford's Japanese subsidiary.

Germany

After an easier start, the market made an impressive recovery in some sectors to record a number of useful gains on the day among the leaders.

The market revival surprised many Bourse observers. For the past few days, stock prices have been depressed by widespread anticipation that the Bundesbank will tighten credit with interest rate rises at its Central Bank Council Meeting today.

Market sources believed the recovery was due in large part to foreign buyers and domestic institutional interest, but were at a loss to explain what seems to be a rather sudden discounting of the threat of the Bundesbank's further credit squeeze.

Machine Manufacturers and Utilities fared the best, with Linde rising DM 4, RWE DM 3.20, and both GHH and VEW DM 3 apiece.

Chemicals and Steels also made sector-wide gains, although rises for standard stocks were generally limited to DM 1.

Exceptions to the pattern included Thyssen, up DM 1.90, and Ruetgerswerke, down DM 1.50.

Electricals, Motors and Stores were mixed, while Banks were steady to lower. Bayerische Vereinsbank and Dresdner Bank each shed DM 1.50.

Among Extractives, Preussag recorded a gain of DM 3.80 as market observers noted that coal-related shares were becoming increasingly a focus of investor attention.

On the Domestic Bond market, the new Federal Loan firmed 20 pfennigs, but older Public Authority Loans eased by up to 60 pfennigs, prompting Bundesbank open-market purchases of DM 7.5m nominal of stock (DM 3.4m).

Paris

Share prices were inclined to gain further ground in fairly active dealings.

Brokers said institutional buying was partly responsible, with reports that France has arranged for supplementary supplies of crude oil from Iraq, boosting sentiment.

Among advancing issues were Bail Equipment, Pernod Ricard, Cofradel, Ferodo, Poliet, Bouygues, Michelin, Talcs de Luzenac, Peugeot Citroen, Babcock-Fives, Alsthom-Atlantique, Sacilor, Sogerap, Institut Merieux, Generale des Eaux, Air Liquide and L'Oreal.

Nouvelles Galeries, however, shed FFr 1.20 to FFr 94.00 despite announcing first-half 1979 turnover 9.8 per cent higher at FFr 2.93bn.

Amsterdam

Share prices were in easier mood, with Unilever and Royal Dutch each losing Fl 1.70 among otherwise little-changed Dutch internationals.

KLM, which said on Tuesday its fuel costs could double this year, fell Fl 3.30. Ahold lost Fl 2.00 and Deli Fl 1.50. Wessanen retreated Fl 6.80 on its lower profit per share forecast. Van Ommeren rose Fl 2.50 in otherwise lower Shippings, while Gist Brocades put on Fl 1.80. State Loans were higher, where changed.

Hong Kong

Market leaders were mainly unchanged to slightly easier, but Property issues were in good form, helping the Hang Seng index to post a fresh gain of 3.06 at 553.34 after another fairly active trade.

Properties were well supported ahead of an impending land auction, where operators expect a record price to be reached. Associated Hotels gained 2½ cents to HK$2.90, Cheung Kong 20 cents to HK$12.60, China Engineers 15 cents to HK$3.85, China Provident HK$1.25 to HK$32.00, Cosmopolitan Properties 13 cents to HK$1.85, Hang Lung 20 cents to HK5.60 and New World 7 cents to HK$2.05.

Wheelock "A" provided a bright spot in the leaders, rising 7.5 cents to HK3.375 following much-improved results from its subsidiary, Lane Crawford, which added 35 cents at HK$6.80.

However, Hong Kong Wharf declined 50 cents to HK$33.25, Jardine Matheson 10 cents to HK$10.80 and Swire Pacific "A" 25 cents to HK$7.90.

Australia

Favourable comments ahead of next month's Federal Budget, with the deficit expected to be reduced, gave support to Industrial stocks, which were firmer for choice. However, the Oils and Mining sectors were no better than mixed.

Market leader BHP rose 10 cents to A$9.50. Bank of New South Wales eased 4 cents to A$3.68.

Humes eased 5 cents to A$1.20 after the take-over speculation which surfaced on Tuesday and saw the stock rise sharply.

Among minings, MIM closed 6 cents up at A$3.24, after touching A$3.32, in response to the bonus issue and asset revaluation news.

Still on mixed reaction to the diamond venture quarterly report, CRA rallied 7 cents to A$3.42, but Ashton Mining eased 4 cents A$1.00. Among other Diamond Exploration issues, Otter Exploration moved ahead 10 cents to 72 cents and Magnet Mining 12 cents to 54 cents.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pts 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. e Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilec div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

TUESDAY'S ACTIVE STOCKS

NEW YORK

CANADA

GERMANY ◆

TOKYO ¶

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ◆

PARIS

COPENHAGEN ♣

MILAN

VIENNA

SPAIN ♥

BRAZIL

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Banks Ltd.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Julian S. Hodge	15 %
American Express Bk.	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Henry Ansbacher	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	14 %	London Mercantile	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Brit. Bank of Mid. East	14 %	P. S. Refson & Co.	14 %
■ Brown Shipley	14 %	Rossminster	14 %
Canada Perm't Trust	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cayzer Ltd.	14 %	Schlesinger Limited	14 %
Cedar Holdings	14 %	E. S. Schwab	15 %
■ Charterhouse Japhet	14 %	Security Trust Co. Ltd.	15 %
Choulartons	14 %	Shenley Trust	15 %
C. E. Coates	14 %	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	*14 %	Trustee Savings Bank	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
Credit Lyonnais	14 %	United Bank of Kuwait	14 %
The Cyprus Popular Bk.	14 %	Whiteaway Laidlaw	14½%
Duncan Lawrie	14 %	Williams & Glyn's	14 %
Eagil Trust	14 %	Yorkshire Bank	14 %
English Transcont.	14 %		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month deposits 11¼%.
† 7-day deposits on sums of £10,000 and under 11%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11¼%.

Welsh dairy farming exodus

BY ROBIN REEVES, WELSH CORRESPONDENT

MORE THAN 1,600 Welsh dairy producers are to give up milk production at the end of the month, according to a survey by the Farmers' Union of Wales.

The exodus is being triggered by the Milk Marketing Board's July 31 deadline for switching from churn to bulk milk collection.

A high percentage of those leaving the industry are expected to take advantage of the EEC's beef conversion scheme, aimed at encouraging farmers to switch from milk to beef in order to reduce Europe's chronic overproduction of dairy products.

According to the union survey, the biggest loss will be in the traditional milk producing area of West Wales, where nearly 800 producers are planning to leave the industry rather than invest in bulk milk collection equipment.

In North Wales, over 300 producers have indicated to the MMB they will not be switching to bulk collection and therefore giving up milk.

Overall, they represent around 13 per cent of milk producers in Wales, though most are small producers and their milk output represents only 2 per cent of total Welsh milk production.

The MMB began its gradual switchover from churn to bulk collection by tanker in 1975, to cut costs and improve milk quality. Wales, the West and the North West of England are the last areas to phase out churns and complete the conversion programme.

Many small producers have been effectively squeezed out by the need to provide easy access to their farms for the large tankers — not always possible along narrow, winding country roads, though the Milk Board has tried to ease the problem by making small mobile vats available on special terms.

An FUW spokesman described the loss of more than 1,000 producers as a sobering development.

"If many of these are lost to farming altogether it will give added impetus to the general contraction of the industry and emphasise the changing face of Welsh farming," he said.

Sharp drop in cocoa futures

By Our Commodities Editor

COCOA PRICES fell sharply on the London and New York futures market yesterday following heavy selling by speculators. The September position closed £52 lower at £1,442.5 a tonne after having fallen the permissible limit down in early trading.

Traders said the strength in sterling triggered off a wave of selling by speculators, who held "long" positions in the market. Once started, the downward trend was accelerated by stop-loss sales and a complete lack of buyers. An over-abundance of supplies—even though much of it is poor quality cocoa—is proving to be a major depressing influence overcoming present fears about the situation in Ghana.

One dealer commented that speculators appeared to be gambling that cocoa producing countries would be forced to continue selling surplus supplies, despite the fall in prices. However it was noted that producers will be reluctant to see the market decline too much prior to the forthcoming negotiating conference in Geneva on a proposed new International Cocoa Agreement.

EEC to end sugar exports

By Our Commodities Staff

THE EEC will hold its last weekly export tender for the current campaign next week, according to a Reuter report from Brussels. And at yesterday's tender, the Commission authorised the export of only 21,350 tonnes of white sugar, compared with 46,000 a week ago.

The low figure, and the ending of the weekly export tenders caused some surprise in London. Although it is recognised that sales at the tail end of the season normally tend to decline, it was thought surplus supplies remaining would mean the tenders continuing for a longer period.

London futures were lower, following a decline in New York overnight, and a report from Havana that the Cuban crop this year was expected to rise to 8.1m tonnes compared with 7.35m last year.

Fine weather boosts cereals in France

BY OUR COMMODITIES STAFF

REDUCTIONS IN cereal yields in France are not as severe as had been thought earlier in the year, the French Ministry of Agriculture said in its latest bulletin. If the weather held out the crop would be higher than estimated previously, but still about 10 per cent short of last year's record.

Delays in crop development accumulated during the winter and aggravated by the need to re-sow large areas killed by frost, had been largely made up thanks to fine weather in June, the bulletin added.

The Ministry now says soft wheat output this season will be 16.1m tonnes, compared with 20.75m last year. Hard wheat production should be 314,000 tonnes compared with 311,000 tonnes, while barley crops should yield 10.44m tonnes, 970,000 tonnes less than in 1978.

The maize crop is still not far enough advanced for reliable estimates to be made.

Sugar growers have also reported that the fine June weather allowed their crops to catch up on the delays suffered at planting time. And while the beet is in good condition generally, there is some concern about fungus infections discovered in all the growing areas.

In Washington, Mr. Bob Bergland, U.S. Agriculture Secretary, urged Congress to establish a $400m reserve of wheat to cover possible emergencies abroad, AP Dow Jones reported.

He said the 4m-tonne stock was needed to ensure that the U.S. would be able to meet its commitments. Mr. Bergland recalled 1974 when supplies were tight and regular food aid programmes fell 3m tonnes below 1972 levels.

The reserve would be owned and tightly controlled by the Government and would be broken into and shipped out in lots of up to 300,000 tonnes only if normal commercial traders and Government aid programmes were unable to meet the needs of a nation hit by famine or other catastrophe.

Mr. Bergland said the Government already owned one-third of the amount he wanted to set aside and he hoped the rest would be bought when prices fell back closer to market support levels.

General fall in metal markets

BY OUR COMMODITIES EDITOR

THERE WAS a general decline in base metal prices on the London Metal Exchange yesterday, reflecting the rise in the value of sterling and gloom about future demand prospects. Cash lead dropped by £17 to £597.5 a tonne, despite news of an unofficial strike at the Tara lead-zinc mine in Ireland.

This is the first time cash lead has been below £600 since mid-May and compares with a peak of £701.5 reached less than a month ago.

With the three months lead quotation down by only £13.25 the cash price premium has now narrowed sharply.

Copper, aluminium, nickel and zinc prices were also down on general speculative selling in quiet trading conditions.

Hardest hit was tin, where the cash price fell by £142.5 to £7,025 a tonne following further freer offerings of cash tin which eased the previous supply squeeze. Cash tin has fallen by £800 in the past week.

In Jakarta, at the opening of the ministerial meeting of tin producing countries, the Indonesian Mines Minister, Mr. Subroto, warned that the tin industry was faced with a number of problems, reports Reuter.

These included the prospect of a downturn in the world economic activity, the oil crisis and the possibility of the U.S. deciding to release tin from its strategic stockpile.

The Minister said these problems might affect the market despite prices currently being at satisfactory levels and supplies and demand appeared to be in near balance.

Mr. Subroto called for urgent consideration of the consequences should the U.S. General Services Administration release tin from its stockpile which could precipitously depress the metal price.

Ugandan coffee crop hit by war to oust Amin

BY MICHAEL HOLMAN IN KAMPALA

UGANDA'S coffee production for the 1978-79 season is expected to drop to a record low of 100,000 tonnes because of the war which led to the overthrow of former President Idi Amin, senior officials of the country's Coffee Marketing Board said yesterday.

Despite neglect under the Amin regime, the crop remains vital to Uganda's economic health. In 1972 it provided 56 per cent of foreign exchange earnings, rising to 95 per cent in 1978, while the heavy coffee tax raised 87 per cent of Government revenue in 1977.

According to the officials, board stocks have fallen from an end of 1977 peak of 1.4m bags of 60 kilos to 750,000 bags in Uganda and about 100,000 bags in the Kenyan port of Mombasa, which handles the bulk of the crop.

Exports for the season from October 1, 1978, to the end of September 1979, mainly robusta beans, are expected to reach 2m bags, nearly 4 per cent of world export supplies, and officials forecast shipments of 2.5m bags in 1979-80.

Deliveries to the U.S., suspended under a trade embargo imposed on the Amin administration last year, are to be resumed. In 1977 the U.S. took 43 per cent of Uganda's coffee while a third went to members of the European Community.

Earlier estimates put 1978-79 production at 130,000 tonnes, but damage to warehouses in the region of the southern coffee towns of Masaka and Mbarara, where fighting was fierce, exposed the beans to rain and in some cases they were set on fire.

Mr. Swaib Musoke, managing director of the coffee board, expects a 1979-80 crop of between 130,000 and 150,000 tonnes, up on the 1977-78 crop of 121,000 tonnes but still well below the record 214,000 tonnes of 1972-1973.

Final output will depend on efforts to resolve serious transport problems, improve crop management, the response to recent price increases, and the availability in Uganda of basic commodities such as sugar, soap and salt.

The acute shortage of these goods lies behind smuggling to neighbouring Kenya of over 55,000 tonnes in 1977-78. Growers were able to use the proceeds to buy from well-stocked Kenyan stores.

Other growers turned to more profitable crops such as maize, beans and groundnuts.

Last month the Government doubled the producer price to Uganda Shillings 7.0 a kilo, but unless inflation is curbed—it is currently running at 150 per cent a year—the 2m smallholders responsible for over 95 per cent of the crop are unlikely to respond.

It seems likely that the pricing policy will come under further review. Producers have received a fixed price for their crop and did not benefit from the mid-seventies boom—unlike their counterparts in Kenya. Thus in 1977 Uganda growers received 30 U.S. cents a pound, equal to 16 per cent of sales value, while their counterparts in Kenya received 219 cents—93 per cent of sale value.

Officials acknowledge that the industry needs a major overhaul. Between 25m and 35m bushes cover some 200,000 hectares of good land, but farm management has deteriorated and the majority of bushes are over 20 years old, resulting in declining yield and quality.

Today, extension services are almost non-existent, and there is an urgent need for basic equipment such as hoes and pruning saws. Many of the processing plants were damaged during the war and re-equipping them will be costly.

Probably the most serious problem for the coffee industry—and the country as a whole—is transport. The railways are short of wagons and locomotives, and the track needs repair on many sections. More trucks and spare parts are urgently needed for road transport.

Airlift planned

UGANDA has decided to airlift 30,000 tonnes of coffee to help ease what Mr. Jack Sentongo, Finance Minister, described as "a critical balance of payments situation."

The Minister made the announcement yesterday when he disclosed that provisional balance of payments figures for 1978 show a deficit of Uganda shillings 664.6m.

Coffee accounts for over 90 per cent of export earnings but production in the 1978-79 season is expected to fall to a record low.

Farmers bid to save Dyce bacon factory

BY OUR OWN CORRESPONDENT

PIG PRODUCERS in North East Scotland will be asked to raise £1m to form a new company and save Lawson's of Dyce bacon factory, and the jobs of 600 workers threatened with redundancy later this year.

Pig slaughtering and bacon curing at the Dyce factory, part of the Unilever group, faced closure because EEC competition had made its operations uneconomic.

Unilever, however, granted a stay of execution until November to allow the Aberdeenshire farmers' co-operative, North Eastern Farmers, to seek ways of keeping the factory, their only outlet in the area, in operation.

In a joint statement with Lawson's, Mr. Alan Taylor, the co-op chairman, said he was 99 per cent sure Lawson's would be saved.

"We require the support of the pig producers and farmers in the area and draft letters have been prepared to go out early next week asking them for their support," he said.

The two groups concerned, over 10,000 members of the co-operative and more than 100 pig producers, will each be asked to invest £500,000 in the new company.

The board of the new company, which will keep on the famous Lawson's of Dyce name, although separate from Unilever, will include Mr. Morley, along with representatives of the pig producers, North Eastern Farmers and the SDA.

The company, if successful in its takeover, plans to modernise the present pig slaughtering line and bring it up to Common Market standards.

Mr. Taylor added, however, that he could not say if all 600 jobs would be saved.

Rise in world stocks forecast

BY OUR COMMODITIES STAFF

WORLD STOCKS of coffee on July 1 next year are expected to total 29.4m bags of 60 kilos—300,000 bags more than reserves on the same date this year, according to International Coffee Organisation.

In Rio de Janeiro, meanwhile, Sr Octavio Rainho, president of the Brazilian Coffee Institute, marginally increased his earlier estimates of the country's coffee crop this year.

Production in 1979, he said, would be a little less than 20m bags. Last month the institute said the crop would yield about 19.5m bags. Output in 1978 was 20m bags.

Sr Rainho also said that the Institute's auctions from stocks on the Sao Paulo exchange will end this week. He said enough new-crop coffee was now available to keep the market supplied and the amount sold at the auctions had fallen to a trickle.

Since the daily auctions began on May 28, the Institute has sold about 600,000 bags.

Reviewing market prospects, Sr Rainho said he expected prices to remain "basically firm" over the coming months.

He added that Brazil hoped to export more than 13m bags in the 1979-80 crop year running from July to June. During the current calendar year he expected exports to be more than 12m bags.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange with forward metal easing from £826 to £816. Afternoon: Wirebars three months £830, 29, 28.5, 28, 25.5, 26, 25, 24.5, 24, 23.5, 24, 25, 24.5, 24. Cathodes: three months £805. Kerb: Wirebars: three months £825, 25, 25.5, 26, 27, 28, 29, 28, 29.

TIN—Easier as forward metal moved down from a start of £6,900. A small fall in the East overnight, the strength of the pound and hedge selling contributed to the fall during the morning. Later some stop-loss selling emerged under £6,850 and £6,800 was touched before fresh buying against East European and U.S. physical business led to a close on the kerb of £6,815. Turnover 2,100 tonnes.

LEAD—Drifted down in light turnover with sentiment depressed and the market influenced by copper. An increase in warehouse stocks is expected. Forward metal slipped from £582 to £568 and closed on the kerb near the day's low at £569. Turnover 10,000 tonnes.

ZINC—Easier in line with other metals, but trading was slack and price movements were narrow. Forward metal opened at £347 and closed on the kerb at £342. Turnover 4,300 tonnes.

ALUMINIUM—Fell in light volume under routine trading conditions as forward metal slipped from a start of £705 to a close on the kerb of £695. Turnover 2,250 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficl'l	†+or —
	£	£	£	£
Spot	696-8	—6.5	692-3	—13
3 months	700-1	—5.5	695-6	—11

Morning: three months £702, 700. Afternoon: cash £693, three months £699, 98, 696.5, 96, 96.5, 97, 96, 95. Kerb: three months £694, 95.

NICKEL—Lower in the lack of light speculative selling pressure which took forward metal down from a start of £2,820 to £2,750 before a close on the kerb of £2,755. Turnover 282 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
Spot	—	.....	—	.....
3 months	2875-90	+35	2750-5	—52.5

Morning: three months £2,800, 10, 2,790, 2,800, 2,795, 90. Kerb: three months 2,785. Afternoon: three months £2,770, 60, 50. Kerb: three months £2,755.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

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CORAL INDEX: Close 465-470

PUBLIC NOTICES

CITY OF SHEFFIELD BILLS

£9.350,000 Bills issued 11.7.79 maturing 10.10.79 @ 13-19-64ths% and there are £9.350,000 Bills outstanding.

CORPORATION BILLS

£3.0m Suffolk County Council Bills issued 10th July at 13⅞% to mature 9th October. Applications £34.5m. Outstanding £9.0m.

£1.75m Sandwell Bills issued 11th July at 13⅞% to mature 10th October. Applications £14.5m. Outstanding £5.75m.

£1.1m Bournemouth Bills issued 11th July at 13⅞% to mature 10th October. Applications £6.6m. Outstanding £1.1m.

SILVER

Silver was fixed 0.25p an ounce lower for spot delivery in the London bullion market at 408.15p. U.S. cent equivalents of the fixing levels were: Spot 912.0c, up 7.8c; three-month 931.4c, up 8.4c; six-month 951.8c, up 8.4c; and 12-month 989.30c, up 12.0c. The metal opened at 407¾-408¾p (912-914c) and closed at 406½-407½p (909-911c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	408.15p	—0.25	406.45p	—5.75
3 months	420.95p	+0.85	418.85p	—6.5
6 months	431.15p	—0.85	—	.....
12 months	451.68p	—0.85	—	.....

LME—Turnover 129 (285) lots of 10,000 ozs. Morning: Three months 420.5, 20.8, 20.3, 20.8, 20.9, 21. Kerbs: Three months 421.2, 21. Afternoon: Three months 419.5, 19.3, 9.8, 9.8, 19, 18.8, 8.8, 8.7, 8.5, 8.8, 8.7, 8.8. Kerbs: Three months 418.5, 19, 9.2, 8.5, 9.7, 20.5, 21.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 104 tonnes, bringing the total for the week so far to 304 tonnes. Minor replenishment needs were met, without any major development, in operations. The call for supplies was muted resulting in only a minor offtake in African and Latin-American growths.

COCOA

Close to a lack of support cocoa futures eased a further £55, reflecting trend among in the conditions to close the day at the lows, reported Gill and Duffus.

Sales: 4,806 (2,790).

International Cocoa Organisation (U.S. cents per pound): Daily price for July 11: 155.09 (153.92); 22-day average 155.91 (156.31).

COFFEE

Robustas tended easier through the morning as early trade and Commission House selling became prominent during a disappointing session, reported Drexel Burnham Lambert. The afternoon was generally quiet with prices moving in a narrow range and finishing £6 to £21 lower on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1887-88	—21.0	1900-1880
September	1930-31	—16.0	1840-1315
November	1987-30	—18.0	1939-1517
January	1933-35	—12.5	1940-1910
March	1912-16	—15.0	1920-1905
May	1907-08	—06.0	1900
July	1886-99	—15.0	1899-1886

Sales: 3,906 (5,709).

ICO indicator prices for July 10 (U.S. cents per pound): Other Mild Arabicas 209.0 (204.67). Robustas ICA 1976 205.0 (204.01). ICA 1968 205.5 (204.5). Colombian Mild Arabicas 213.0 (212.0). Unwashed Arabicas 205.0 (same). Comp. daily ICA 1968 207.17 (205.95).

GRAINS

market remains very dull with consumers and farmers completely absent. Early losses of up to 15 points were turned into gains of 10-20 points by the close on persistent shipper buying in very thin conditions, reported Acli.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Sept.	81.80	+0.1	87.75	+0.16
Nov.	95.85	+0.15	91.75	+0.2
Jan.	99.85	+0.1	95.80	+0.1
Mar.	105.16	+0.1	98.10	+0.1
May	106.60	+0.1	102.40	+0.1

Business done—Wheat: Sept. 91.80-91.50, Nov. 95.85-95.55, Jan. 99.65-99.60, March 102.95-102.90, May 106.4-106.35. Sales 45. Barley: Sept. 87.75-87.70, Nov. 91.75-91.55, Jan. 95.80-95.60, March 98.90-98.90, May 102.25-102.20. Sales 85.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent July 98.50, Aug. 98.75, Sept. 99.50, transhipment East Coast. U.S. Hard Winter 13½ per cent Aug. 100.75, transhipment East Coast. EEC unq. Maize: U.S./French July 107.50, Aug. 110, transhipment East Coast. S. African White unq. S. African Yellow Aug. 82.00 npm. Barley: English Feed fob Aug. 89, nom., Sept. 89.75, nom., South Coast Sept. 90, East Coast, Sept. 91, Bristol Channel. Sorghum: U.S./Argentine unq. Oats: Scand Feed unq.

HGCA—Location ex-farm spot prices. Feed barley: Shropshire 89.50. The UK Monetary Coefficient for the week beginning Monday July 16 is expected to decrease to 1 146.

EEC IMPORT LEVIES—The following levies and premiums are effective for July 12 in order current levy plus Aug., Sept. and Oct premiums, with previous in brackets. All in units of account per tonne. Common wheat: 73.94, rest nil (70.51, rest nil) Durum wheat: 118.61, rest nil (116.85, rest nil). Rye: 75.20, rest nil (73.89, rest nil). Oats: 87.08, rest nil (86.07, rest nil). Maize (other than hybrid for seeding): 77.85, rest nil (75.69, rest nil). Buckwheat: 5.68, rest nil (4.06, rest nil). Millet: 80.71, rest nil (59.01, rest nil). Grain sorghum: 74.75, rest nil (73.57, rest nil). Flour levies: Wheat or mixed wheat and rye flour: 118.29 (113.49). Rye flour: 120.05

RUBBER

The London physical market opened unchanged. Little interest throughout the day, closing on an easier note. Lewis and Peat reported a Malaysian godown price of 285 (same) cents a kilo (buyer, August).

SOYABEAN MEAL

The London market opened with losses of £2-3 on the weak nearby cash market and continued favourable weather prospects in U.S. growing areas. At lower levels some new commercial and special interest helped to steady prices, reported T. G. Roddicks.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
August	120.00-28.4	—1.5	121.30-18.50
October	125.50-24.0	—2.1	126.00-23.00
December	124.70-25.2	—3.0	127.60-24.50
February	128.20-27.0	—2.8	128.50
April	128.80-29.0	—4.35	128.50
June	128.00-30.5	—5.25	130.00
August	130.00-32.0	—3.0	—

Sales: 171 (131).

SUGAR

LONDON DAILY PRICE (raw sugar): £100.0 (£102.0) a tonne cif for July shipment. White sugar daily price was £102.5 (£103.0).

Currency factors caused the market to open some 50 points below kerb levels and further small losses were recorded later. However, final prices were slightly above the lows following some scattered short-covering late in the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	106.30-06.35	108.00-08.10	101.00-06.00
Oct.	109.40-09.45	111.15-11.20	111.15-08.50
Dec.	113.50-15.55	115.15-15.20	114.75-12.50
March	120.00-20.05	122.00-22.05	121.50-18.75
May	122.50-22.85	124.75-24.90	125.55-22.75
Aug.	126.00-26.50	128.25-28.50	127.00-26.25
Oct.	129.25-30.25	131.00-32.00	130.00

Sales: 2,891 (2,538) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £297.55 (same) a tonne for home trade and £170.5 (£172.0) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for July 10: Daily price 8.72 (8.64); 15-day average 8.46 (8.42).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Sept. nil, 105.50, 105.50-104.50, 120; Nov. 108.25, 108.50, 110.25-108.25, 41; Feb. 118.25, 118.50, 118.25-118.00, 25; April 121.50, 122.75, nil, nil; July 126.00, 127.25, nil, nil; Sept. 129.00, 131.50, nil, nil; Nov. 132.00, 135.50, nil, nil. Sales 185.

WOOL FUTURES

LONDON GREASY—Close (in order buyer, seller only). July 218.0, 28.0; Oct. 218.0, 33.0; Dec. 218.0, 38.0; March/May/July/Oct./Dec. 228.0, 38.0; Sales nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only). July 185.0, 90.0; Oct. 180.0, 188.0; Dec. 180.0, 90.0; March/May/July/Oct./Dec. 185.0, 93.0; Sales nil.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron contract: July 404.40, 407.0, 404.0-399.0, 14; Oct. 400.5, 401.0, 402.0-399.0, 14; Oct. 400.5, 401.0, 402.0-404.6, 63; March 413.0, 414.0, 415.0-413.0, 63; May 415.0, 415.5, 416.0-415.0, 21; July 417.0, 418.0, 419.0-418.0, 18; Oct. 417.0, 418.5, 419.0-418.0, 2; Dec. 420.0, 422.0, 420.0-420.0, 1. Sales 239.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 11 1979	+ or —	Month ago
Grains			
Barley Futures	£91.75	—0.2	£90.30
Maize			
French No 3 Am	£107.5	.....	£110.5
Wheat			
No. 1 Red Spg.	£88.50	—2.5	
No2 Hard Wint.	£100.75p	—2.5	
Eng. Milling			£107.5
Other commodities			
Cocoa ship't	£1,542.5	—52.0	£1,780
Future Sept.	£1,442.5	—52.0	£1,689.6
Coffee Ft'r Sep	£1,930.5	—5.0	£1,953.5
Cotton A'index	76.85c	+0.35	76.65c
Rubber kilo	59.50p	—1.0	65p
Sugar (Raw)	£100.0	—2.0	£108.0
Woolt'ps 64s kl	268p	.....	278p

* Nominal. † New Crop. ‡ Unquoted. p August. s July-Aug. r Sept. w Sept.-Oct. y Nov. z Indicator. § Buyer.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on July 11. GB cattle 84.90p per kg. l.w. (—4.59); UK sheep 150.7p per kg. est.d.c.w. (—11.2); GB pigs 61.3p per kg. l.w. (—0.3). England and Wales: Cattle numbers down 0.5 per cent, average price 83.82p (—5.39); Sheep numbers up 34.6 per cent, average price 150.8p (—11.2); Pig numbers down 1.9 per cent, average price 61.3p (—0.3). Scotland: Cattle numbers down 5.0 per cent, average price 87.63p (—2.55); Sheep numbers down 8.1 per cent, average price 147.3p (—12.1); Pig numbers down 3.8 per cent, average price 63.8p (+1.8).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 66.0 to 70.0; Eire hindquarters 83.0 to 85.0, forequarters 43.0 to 45.0. Lamb: English small 68.0 to 72.0, medium 64.0 to 68.0. Imported frozen: NZ PL 49.5 to 51.6, PM 49.5 to 50.5. Pork: English, under 100 lb 35.0 to 44.0, 100-120 lb 35.0 to 43.0, 120-160 lb 35.0 to 42.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Cyprus: 5.00-6.00; S. African: Navels 4.60-8.30; Brazilian: 5.20-5.80; Californian: 7.50-7.60. Lemons—Italian: 100/200s 6.00-6.50; Spania: trays 30/40/45 2.50-3.00. Grapefruit—S. African: 32/64 3.60-5.10. Apples—S. African: Granny Smith 7.20-7.50, White Winter Pearmain 2.60-2.80, Starking 4.00-4.50, Yorks 5.50-6.50, Golden Delicious 6.00-6.30; New Zealand: Granny Smiths 7.50-7.50, Sturmers 6.80-7.00, Delicious 6.50; Tasmanian: Jonathans 5.80, Golden Delicious 4.00, Sturmer Pippins 6.00-6.30, Granny Smith 7.00; Victorian: Granny Smith 7.40, Yates 7.50, Democrats 6.50; W. Australian: Granny Smith 7.40; Washington: Red Delicious per box 6.00-9.00; French: Golden Delicious 72s 2.30-2.40, 84s 2.00, jumble pack per pound 0.05-0.09; Italian: Rome Beauty 0.08, 0.09, Democrats per pound 0.10. Pears—S. African: Cartons, Packhams 5.00, Nelis 4.00, Josephines 5.00; Victorian: Josephines 6.50, Packhams 7.50, Winter Nelis 7.00; Spanish: Per pound Morettini 0.15, Limoneras 0.20. Plums—Spanish: Santa Rosa 2.50-3.20, Gavioles 3.20-3.30, Burbanks 2.60-3.20; Italian: Florenties per pound 0.15. Grapes—Cyprus: Cardinal, per pound 0.50; Sultana/Thompson 0.60-0.65. Peaches—Italian: 1½ trays Os 1.80, Cs 2.50-2.60, Bs 3.00-3.20, As 3.70-4.00. Apricots—French: C/B 2.40-2.60; Spanish: 3.20-3.60; Hungarian: 3.20. Cherries—Italian: 0.40. Bananas—Jamaican: Per 28 pound 4.20. Avocados—S. African: 4.00-4.20. Onions—Spanish: 4.8/-5.80; Maltese: 5.50-5.80. Tomatoes—Jersey: Per tray 2.60-2.70; Dutch: 2.60-2.70; Guernsey: 2.60-3.20. Cabbages—Dutch: White, net 8.00-7.00. Potatoes—Cyprus: 4.00, Jersey: Per pound 0.05. Capsicums—Dutch: 5.00; Italian: 4.30. Carrots—Cyprus: 28 lb 2.00; Italian: Approx. 18/22 lb 1.70-1.80; French 12 kilos 1.90, bags 22 lb 1.40.

English Produce: Potatoes—New crop green 4.00-4.50. Water-melons—Spanish/Greek: Per box 4/6s 2.70-3.40 per bag 2.00-2.20. Lettuce—Per 12 round 1.30, Cos 1.50. Mushrooms—Per pound 0.55-0.65. Apples—Per pound Bramley 0.05-0.09. Rhubarb—Per pound outdoor 0.03-0.04. Tomatoes—Per 12 pound 2.50-2.70. Cucumbers: Trays 8/18s 1.50-1.80, prepack 2.20-2.40. Cauliflowers—12s Lincoln 1.0-1.200. Celery: Boxes 12/30s 2.00-2.50. Strawberries—Per ½ pound 0.08-0.17. Gooseberries—Per pound 0.14-0.14, Levellers 0.25-0.35. Cherries—Per pound 0.30-0.35. Peas—Per pound 0.08-0.10. Broad Beans—Per pound 0.08. Onions—Per bag 5.50-5.60. Carrots—Per bunch 0.12, per bag 2.00-2.50. Beetroot—Per bag 2.40. Raspberries—Per ¼ pound 0.10-0.12½.

★

HIDES—Birmingham: market unchanged. Second clear. Ox 31-35.5 kilos. 86.6p a kilo withdrawn (86.5p); 26/30.5 kilos, 80.6p a kilo withdrawn (90.5p), 22/25.5 kilos, 96.0p (95.0p). Cows 96.6p kilos withdrawn (97.0p).

AMERICAN MARKETS

NEW YORK, July 11.

RALLY in the grains and soya complex resulted in minor gains in a market nervous just ahead of the USDA report. The entire livestock complex came under considerable pressure from trade and Commission House selling. Gold closed mixed with little change while silver made new contract highs in anticipation of President Carter's message on energy. Lack of trade support brought cocoa prices near limit down, while coffee was sharply lower on news of Brazilian sales coming this weekend. Sugar recovered early losses to close higher on continued indications that President Carter will offer a plan for alternate sources of fuel. Copper is moving into a major uptrend with good trade buying. Commission House buying. Cotton closed mixed as the trade was undecided on the effect of the first hurricane of the season in the Mexican Gulf, Heinold reported.

Potatoes (round whites)—Nov. 65.0 (65.3), March 82.5 (83.0), April nil, May 106.4.

Tin—710.0-725.0 nom (714.0-730.0).

CHICAGO, July 11.

Lard—Chicago loose 26.25 (same). New York prime steam not available.

Live Cattle—Aug. 68.35-68.47 (68.91-68.42), Oct. 67.00-66.80 (67.37-66.90), Dec. 68.89-68.80, Jan. 70.00 asked, Feb. 70.70-71.00, April 72.00 bid-70.10, June 73.35, Aug. 72.75 asked, Oct. 71.95 asked, Dec. 72.75 asked. Sales: 28,161.

Live Hogs—July 41.45-41.40 (42.17-41.42), Aug. 38.60-38.75 (39.22-38.67), Oct. 36.35-36.50, Dec. 37.80-37.65, Feb. 39.70-39.60, April 38.80, June 43.55 asked, July 43.30, Aug. 43.20 bid. Sales: 6,451.

‡‡Maize—July 318¼-316½ (312), Sept. 317¼-317 (313), Dec. 321½-321, March 330½-331, May 333-334, July 334½.

Pork Bellies—July 36.75 (37.85-36.75), Aug. 34.65-34.50 (36.10-34.57), Feb. 45.60-45.65, March 46.25, May 46.90 asked, July 48.00 bid, Aug. 48.80 asked. Sales: 7,528.

Plywood—July 193.8 (193.4), Sept. 196.2 (195.4), Nov. 193.2, Jan. 192.F, March 195.7, May 198.0, July 199.5 bid, Sept. 199.5 bid, Nov. 199.0 bid.

Silver—July 927.5 nom (911.8), Aug. 932.5-931.0 (917.0), Oct. 946.0, Dec. 960.0-961.0, Feb. 973.5-974.5, April 985.0, June 997.5, Aug. 1010.0, Oct. 1022.5, Dec. 1034.0, Feb. 1047.0-1047, April 1059.7, June 1072.5 bid, Aug. 1085.5 bid, Oct. 1098.7 bid, Dec. 1111 bid, Feb. 1125.7 bid, April 1139.5 bid, June 1153.5 bid.

Shell Eggs—July 51.50 bid (50.5-51.50), August Nil (53.95-53.95), Sept. 59.80, Oct. Nil, Nov. Nil, Dec. 63.55. Sales: 16.

‡Soyabeans—July 784 (768¼), August 787-788 (772½), Sept. 786-785, Nov. 782½-781, Jan. 791½-791, March 801½, May 806, July 806-807.

||Soyabean Meal—July 208.00-207.70 (205.00), August 208.00-207.50 (206.20), Sept. 208.50-209.00, Oct. 210.00-210.50, Dec. 213.00-212.00, Jan. 214.50-214.00, March 216.00-215.50, May 215.50-216.00, July 214.00-215.00.

Soyabean Oil — July 28.90-28.85 (28.73), August 28.75 (28.47), Sept. 28.55, Oct. 28.40-28.35, Dec. 28.15-28.25, Jan. 28.15, March 28.20, May 28.20-28.25, July 28.20, August 28.15.

‡Wheat—July 460-459 (455), Sept. 462½-461 (455½), Dec. 476-477, March 478, May 471½-471, July 439.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. § Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 10.

Wheat—U.S. No. 2 Dark Hard Winter wheat, 13.5 per cent, Aug. $207. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat Aug. $205, Sept. $207. U.S. No 2 Northern Spring wheat, 14 per cent, July $205, Aug. $205, Sept. $206, Oct. $210, Nov. $212.

Maize—U.S. No. 3 Corn Yellow afloat $154, July $155, Aug $156, Sept. $156.50, Oct.-Dec. $160, Jan.-March $166.

Soyabeans—U.S. Two Yellow Gulfports July $319, Aug. $322, Sept. $324, Oct. $313, Nov. $312.50, Dec. $318.50, Jan. $320.50, Feb. $323.50, March $324.25, April $328.50, May $327.25, June-July $328. Brazil Yellow FAQ unquoted; Argentine afloat $308, July $307.50, Aug. $311.50. Soyameal—44 per cent protein U.S. afloat $247, July $250, Aug. $252, July-Sept $254, Nov.-March $263. Brazil Pellets afloat $255, July $256.50, Aug. $258, Sept. $262, Oct. $265.

PARIS, July 11

Cocoa (FFr per 100 kilos)—July 1360-1410, Sept. 1402-1410, Dec. 1440, March 1486-1490, May 1510, July 1530. Sales 4

Sugar (FFr per 100 kilos)—Aug. 944-946, Oct. 1003-1004, Nov. 995-1015, Dec. 1045-1050, March 1120-1125, May 1150-1160, July 1160-1174, Aug. 1165-1185. Sales 28.

INDICES

FINANCIAL TIMES

July 10	July 9	M'nth ago	Year ago
294.72	803.75	293.93	238.44

(Base: July 1, 1952=100)

MOODY'S

July 10	July 9	M'nth ago	Year ago
1081.8	1087.8	1090.2	811.2

(December 31, 1931=100)

DOW JONES

Dow Jones	July 10	July 9	Month ago	Year ago
Spot	415.19	415.66	418.70	355.81
F'tur's	427.87	430.57	416.92	348.66

(Average 1924-25-26=100)

REUTERS

July 11	July 10	M'nth ago	Year ago
1526.1	1592.2	1622.8	1464.7

(Base: September 18, 1931=100)

Renewed money supply fears reverse technical rally

30-share index falls 7.1 to 468.6 and Gilts lose 3/8

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 7
July 30	Aug. 9	Aug. 10	Aug. 21

* "New time" dealings may take place from 9.30 am two business days earlier.

Fears that the growth in money supply is still increasing at an unacceptable rate despite the Government's efforts to curb lending, and that Minimum Lending Rate is likely to remain at its crisis level for some while made for a return of uncertainty in stock markets yesterday. Another depressing influence on both equities and Gilt-edged was growing union militancy on wage claims and mounting opposition from the same source to the Government's labour reform proposals.

A fresh rise in the pound was unable to counter the effects of an unfavourable Press on the June banking statistics and Gilts thus eased persistently on small selling. Buyers were extremely shy for most of the day, but a light demand arose in the late afternoon, possibly encouraged by sterling's impressive performance, and losses among the longs were reduced from ¾ to around ⅜.

Exchequer 12½ per cent A 1999 closed the latter fraction lower at 42¾ along with Treasury 13¾ per cent 1997, at 104¼, but the medium-dated Treasury 12 per cent 1984 eased only marginally to 98¾ despite yesterday's payment of the final call of £47.50 per cent. The recovery at the shorter end of the market was usually restricted to ⅛ but Treasury 12 per cent A 1983 closed ⅛ off at 98¼, after 98⅛.

There was little recovery in leading shares, however. The trading pattern was similar to that of Gilts; a succession of small sales from public holders finding buyers having gone to ground after Tuesday's technical recovery. Hoping for an early extension of the rallying movement, some dealers were believed to have started the day with stock on their books, but these positions were quickly cut and gave additional momentum to the decline.

Second-thoughts about the proposed £70m deal with Paramount Pictures affected EMI which, at 107p, gave up most of the previous day's gain of 11. Interest in GEC, Tuesday's other good feature in the leaders, also subsided and all of that day's rise of 7 was rescinded, while ICI continued to meet with further selling of employees' shares and closed 6 down 324p.

At one stage, the FT 30-share index looked as though it might lose considerably more than Tuesday's rise of 7 points, but the index steadied late and settled very near to Monday's closing level for a loss on the day of 7.1 at 468.6. Reflecting the general paucity of business in all markets, total bargains, at 15,962, were the lowest so far this week.

The effects of the stronger pound were resisted yet again by the investment currency market. Business reached good standards with demand, representing the need to invest in U.S. securities, causing the premium to rally from a lower early rate of 26½ per cent to close a net ½ higher at 27½ per cent. Yesterday's SE conversion factor was 0.9114 (0.9193).

Following Tuesday's brief flurry, the Traded option market reverted to its recent lack-lustre appearance with a total of 427 contracts completed. Cons. Gold Fields were the dominant series with 138 trades, while Land Securities, 74p, and BP, 68, were also lively.

Natwest dull

The surrounding dullness and continuing rumours that a sizeable fund-raising issue will be announced shortly, possibly during the interim dividend season which starts in just over a week, prompted a reaction in the major clearing banks and closing falls ranged to 10. NatWest ended that much off at 355p. Bank of Scotland relinquished 7 to 303p and Bank of Ireland fell 10 to 320p. Hambros improved 4 to 310p, while renewed speculative support in a restricted market lifted London Scottish Finance 3 to 50p.

Insurances drifted lower on persistent small selling and lack of support.

A paucity of investment interest left leading Breweries with modest falls. Among secondary issues, South London brewers Youngs attracted a little interest following Tuesday's annual meeting and closed 3 harder at 185p. Sandeman came in for further support and added 2½ for a two-day gain of 12½ at 77½p, while sporadic demand was also seen for Luis Gordon, 2 better at 31p. Annual profits from H. P. Bulmer were deemed disappointing and the shares eased 4 to 178p.

Quietly dull conditions prevailed among leading Building descriptions with Blue Circle and BPB both sensitive to small selling and shedding 6 apiece to 258p and 292p respectively. James Latham put on 10 to 165p in a thin market in response to the sharply higher annual profits. Elsewhere, fresh speculative support lifted Mallinson-Denny 1½ to 69½p and news of a £23m opencast mine contract prompted a gain of 3 to a 1978 peak of 146p in Derek Crouch, but the disappointing annual results left G. H. Downing 4 cheaper at 124p. Certain house-builders gave ground on the threat of dearer mortgages. Royco shed 3 to 48p and Milbury 2 to 56p.

Persistent small selling left ICI 6 cheaper at 324p. Elsewhere in Chemicals, Brent attracted buyers and, in a thin market, improved 6 to 216p.

Stores mixed

Stores plotted an irregular course in thin trading. Harris Queensway found support at 250p, up 8, while MFI Furniture edged forward 2 to 168p on small buying ahead of next Wednesday's annual results. Wallis hardened a similar amount to 68p, while W. Goodkind, after news of the proposed £0.2m rights issue, also added 2 to 64p. Further consideration of the results prompted a reaction of 2 to 71p in Status Discount, while falls of 5 and 8 respectively were seen in Lee Cooper, 200p, and Bambers, 128p.

Comment on the proposed £70m music deal with Paramount Pictures which highlighted EMI's need for cash prompted a turnround in the latter which, down 8 at 107p, almost lost the previous day's gain of 11. Elsewhere, GEC also turned dull and gave up 8 to 350p after recent firmness on hopes that the company will participate in the expected £150m contracts for nuclear power generators. Outside the leaders, Press comment on the interim results caused a sharp turnround in recent high-flier, Eurotherm, which dropped 20 to 330p. Scattered offerings left Racal 8 lower at 457p and Muirhead 6 off at 218p. On the other hand, buyers showed interest in Pethow which firmed 4 to 61p.

Conditions in the Engineering market remained quiet, but scattered offerings and lack of support found the market unwilling and resulted in occasional losses. John Brown, down 10 at 473p, failed to benefit from an investment recommendation, while other leaders to give ground included Tubes, 6 lower at 344p, and Hawker, 4 cheaper at 188p. Revived selling prompted a reaction of 6 to 92p in Hallite. Whitehouse gave up 10 to 180p in a restricted market. S. W. Wood held at 55p following the preliminary results. Support was forthcoming for Brown and Tawse which put on 10 more to 132p against the trend and United Engineering closed 5 to the good at 138p.

Apart from Cartiers, which firmed 4 to 134p on revived speculative demand, Supermarket issues drifted lower as trade contracted with J. Sainsbury shedding 6 to 63p, while Associated Dairies easing 4 to 253p. William Morrison slipped 3 to 148p and Lennons, annual results today, shed a penny to 37p. Elsewhere, profit-taking after the annual results left Barker and Dobson 2½ cheaper at 19½p, while fading bid hopes prompted a reaction of 2 to 33½p in Spillers.

Trusthouse Forte became a weak feature in Hotels and Caterers, falling 6 to 153p. Ladbroke became a particularly difficult market on speculative demand and touched 190p before settling for a gain of 2 at 185p.

Christie-Tyler up

Persistent small selling and the lack of investment support prompted renewed dullness in the miscellaneous Industrial leaders. Rank Organisation lost 7 to 213p ahead of next Monday's interim figures, while news of a small acquisition failed to inspire Reckitt and Colman which cheapened 8 to 420p. The Chairman's reported remarks that the group is contemplating plans to announce a £50m rights-issue initially depressed Pilkington which eased to 308p before a close of only 2 lower on balance at 313p. Metal Box lost 8 to a 1979 low of 260p and Turner and Newall remained friendless at 125p, down 5. Bowater lost 6 to 190p as did Reed International, to 159p. Elsewhere, Christie-Tyler stood out with a rise of 9 to 99p in response to the better-than-expected preliminary results and Neil and Spencer firmed 3 more to 237p, after 228p on further consideration of the good results and proposed 100 per cent scrip-issue. Reflecting its North Sea oil interests, I.C. Gas added 6 more to 536p, after 540p, and Valor continued to draw strength from the chairman's recent bullish remarks about current-year prospects with an improvement of 2 to 82p. Applied Computer put on 8 to 190p and Bridport Gundry put on 3 to 39p. Still unsettled by a further six-week delay in publication of the 1978 annual report and accounts, Fairbairn Lawson cheapened a penny more to 28p.

Motor sectors eased in the absence of buying interest. Dorada, good recently after Press comment, gave up 3 to 64p, as did T. C. Harrison, 67p, and Lookers, 52p. Among Components, Dunlop, having made a surprise £1.2m offer for Howthorn Baker on Tuesday, slipped 2 to 63p, while Lucas, 263p, and Jonas Woodhead, 93p, shed 4 and 3 respectively.

Fading hopes of an early cut in minimum lending rate induced small selling of Property issues. Land Securities shed 4 to 296p, MEPC 3 to 177p and Great Portland Estates 6 to 308p. Scottish Metropolitan came on offer and fell 5 to 118p and, ahead of tomorrow's annual results, Town and City eased ½ to 18¼p. Other notable dull spots included Haslemere which relinquished 4 to 308p and Bernard Sunley which shed 8 to 384p.

Oils mixed

Oil shares closed with mixed movements, but the undertone of the market was described as firm. British Petroleum eased to 1270p before recovering to close without alteration at 1280p, but Shell traded on a quietly firm note throughout the session and finished with a gain of 4 at 372p. Following news that the tanker dispute with Pertamina, the Indonesian state oil company had been resolved, Burmah fluctuated between extremes of 144p and 148p before closing at 145p for a loss of a penny. Oil Exploration, 318p, and Tricentrol, 249p, both shaded a few pence, but Lasmo firmed 4 to 260p on the announcement that the company has cancelled plans to refine part of its North Sea production from the UK in favour of selling crude on the spot market.

Special situations and company trading statements brought some interest to the recently idle Textile sector. On the increased annual profits and the chairman's confident remarks, Hollas put on 4 to 74p.

Australians steady

Activity in selected Australian stocks provided the main feature of otherwise lifeless mining markets. The general tone among Australians was very steady, following firmness on the domestic markets overnight.

Among the stocks attracting attention in London were Otter Exploration whose rise continued with a gain of 5 to 43p, prompted by gold hopes at the Griffins prospect. Magnet Metals held at 31p after moderate business. There was also interest in Pancontinental, 13 harder at 800p, and Western Mining, 4 higher at 132p.

By comparison London Financials were drab. The fall on the industrial market was the main factor in taking 6 off Consolidated Gold Fields, at 216p, after 212p. Selection Trust were also 6 lower at 470p, while Charter lost 3 to 135p.

South African Financials were subdued and uncertain. Gold Fields of South Africa were ¼ lower at £16¾ after Tuesday's announcement of quarterly profit figures from the group gold mines.

Among other Financials, Minorco lost most of Tuesday's rise with a fall of 14 to 160p, as Indonesian oil hopes for a subsidy waned.

South African Golds ignored the high level of the bullion price. An attempt to move higher in the morning petered out and prices drifted down in very quiet conditions. Falls were generally confined to a few pence, while, among the heavier-priced issues, Hartebeest lost ¾ to £14¼ and Vaal Reefs slipped ⅜ to £16.

The Gold Mines Index was 1.4 down at 161.7 and the ex-premium index was 2.5 lower at 147.5.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1200	85	21	135	—	178	—	1278p
BP	1300	17	39	68	5	126	3	"
Cons. Gold	220	4	13	14	—	23	—	212p
Cons. Gold	240	1	5	9	—	21	35	"
Cons. Gold	260	½	—	5	—	13	—	"
Courtaulds	90	1½	—	6	65	12	—	84p
Courtaulds	100	½	—	2½	21	6	—	"
Courtaulds	120	½	—	1½	—	2½	10	"
GEC	350	4	—	26	20	42	—	351p
GEC	390	1	—	14	1	31	—	"
GEC	460	½	—	4	10	14	—	"
Grand Met.	133	7½	12	15½	—	23	—	142p
ICI	330	5	—	18	—	26	10	324p
ICI	360	1	—	7	2	16	—	"
Land Secs.	240	58	—	67	3	—	—	297p
Land Secs.	280	18	—	33	—	41	5	"
Land Secs.	300	4½	55	21	8	21	25	"
Marks & Sp.	100	12	6	18	—	—	—	111p
Marks & Sp.	110	4	5	11	—	15	—	"
Shell	325	48	5	52	—	60	—	370p
Shell	375	9	1	28	2	42	—	"
Shell	400	3	5	17	—	30	—	"
Totals			142		160		88	
		August		November		February		
EMI	90	20	—	24	—	27	2	107p
EMI	120	5	20	7	—	15	15	"
Totals			20		—		17	

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 10	July 23	Oct. 4	Oct. 16
July 24	Aug. 6	Oct. 18	Oct. 31
Aug. 7	Aug. 20	Nov. 1	Nov. 13

For rate indications see end of Share Information Service

Calls were dealt in Spillers, LRC, Grand Met., Christopher Moran, Cons. Gold Fields, Savoy A, Town and City, St. Piran, Burmah, P & O Deferred, Ladbroke and the warrants, Premier Oil, Amalgamated Distilled Products, Status Discount, Sirdar, Lennons, Barker and Dobson and UK Properties. A put was arranged in Smith Bros, while double options were completed in Grand Met., British Land, FNFC 9½ per cent loan, Spillers, Carless Capel, Hensher A, Charterhall, Premier Oil and Barker and Dobson.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
ICI	£1	13	324	−4	415	324
BP	£1	10	1,280	—	1,295	882
Cons. Gold Fields	25p	9	216	−6	268	178
Barclays Bank	£1	8	463	−5	514	360
EMI	50p	8	107	−8	144	94
GEC	25p	8	350	−8	438	311
Barker & Dobson	10p	7	19½	−2½	22	13
Burmah Oil	£1	7	145	−1	146	82
Courtaulds	25p	7	84	−1	122	84
LASMO	25p	7	250	+4	264	124
Marks & Spencer	25p	7	111	−2	134	83
Eurotherm Intl.	10p	6	330	−20	370	190
Highland Dist. "New"	Nil/pd.	6	4pm	−8	7pm	3pm
Royal Insurance	25p	6	332	−8	443	325
Trusthouse Forte	25p	6	153	−6	193	127

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
60	F.P.	11/7	61	76	‡Aq Retail Sp.	65	+1	2.46	2.3	2.9	18.2
66	F.P.	10/8	75	66	‡Goldlight 10p	71	...	bd3.0	2.2	10.1	6.3
80½	F.P.	27/7	90	97	Fairline Boats	97½	...	b5.5	3.6	5.1	7.0
‡‡	F.P.	22/6	53	51	Fulcrum Inv. Income	51	...	4.0	—	11.6	—
‡‡	F.P.	22/6	4½	3	Do. Capital 2½p	4½	...	—	—	—	—
‡‡	F.P.	—	58	52	Maley'n Pl'ts Berhad	55	−2	bQ18c	1.5	7.3	—
‡‡	F.P.	10/8	37	30½	Mettoy Dfd.	30½	...	—	—	—	—
‡‡	F.P.	—	44	36	Phicom 10p	36	...	N1.0	4.6	4.0	13.1
160	F.P.	6/8	186	178	StandardTel.&Cables	182	+3	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
‡	Nil	20/7	1½pm	½pm	English & Overseas Inv. Conv.	½pm	...
100	F.P.	27/7	112	107½	Kwik-Fit (Tyres) 8% Cnv. Ln. 1979/85	112	...
100	F.P.	20/7	102	99	Marsh'll's Univ'rs'l 7½% Cnv.Cum.Red.Prf	99	−1
100	F.P.	30/8	102	100	Portsmouth Water 8% Red. Prf. 1984	101½	+½
98	F.P.	23/8	98¼	95½	York Water 12% Deb 1986	96½	...

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing Price p	+ or −
36	F.P.	9/7	10/8	40	36½	Caulson Sir J.	38	.....
65	Nil	17/7	10/8	25pm	17pm	Century Oils	25pm	.....
52½	F.P.	10/7	10/8	61	56	Combined English Stores	61	+1
195	Nil	20/7	10/8	28pm	14pm	Elliott B.	18pm	−1
100	Nil	13/7	3/8	38pm	27pm	Geevor Tin	37pm	.....
126	F.P.	29/6	10/8	146	131	Grand Metropolitan	142	−4
47	Nil	—	—	1pm	½pm	Hargreaves	1pm	.....
88	Nil	—	—	7pm	3pm	Highland Dist.	4pm	.....
155	Nil	13/7	24/8	49pm	27½pm	Holt Lloyd Intl.	48pm	.....
110	F.P.	5/7	7/9	114	110	Intl. Timber	110	.....
154	F.P.	22/6	27/7	182	157	MEPC	178	−2
105	Nil	18/7	3/8	3pm	1pm	McCorquodale	1½pm	+½
85	F.P.	—	—	121	101½	P.M.A. Holdings	118	.....
210	Nil	22/6	20/7	60pm	40pm	Peterson Tennant	40pm	.....
20	F.P.	—	—	43½	29	Provincial Laundries	42½	+½
60	F.P.	29/6	20/7	86	81	Scoteros	86	.....
265	F.P.	15/6	27/7	295	270	Simon Engineering	292	+4
150	F.P.	15/6	13/7	156	142	Smurfit (Jefferson)	148	.....
60	Nil	20/7	10/8	61pm	50pm	Sound Diffusion	59pm	−2
108	Nil	—	—	20pm	19pm	Stylo Shoes	20pm	.....
57	Nil	20/7	24/8	7pm	3pm	UBM	4½pm	−½
93	F.P.	7/6	13/7	105½	93	UDS	96	−1
87	F.P.	13/7	10/8	106	94	W.G.I.	106	+2½
20	F.P.	19/6	13/7	25½	15½	Wocks Associates	17½	+1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

APPOINTMENTS

BET group executive changes

Mr. D. W. H. Smith, managing director of LESLIE AND GODWIN is to move to New York to become executive vice-president of a newly-formed reinsurance brokerage company to be called Frank B. Hall Reinsurance Inc. Stewart Wrightson Holdings and Leslie and Godwin state that by mutual arrangement Mr. P. C. Methley will relinquish his positions in the Stewart Wrightson Group to take up an appointment as joint deputy chairman and managing director of Leslie and Godwin.

*

Mr. W. M. Dravers has retired from the Board of BOULTON AND PAUL.

*

Mr. T. R. A. Macmillan has been appointed a director and Mr. D. R. Poulson, Mr. M. J. Scarsbrook and Mr. J. W. Leak, assistant directors of LESLIE AND GODWIN NORTH AMERICA (NON MARINE).

*

Mr. Ken Heather has taken over as managing director of PRAGMA. He had been sales director since the company was founded in 1971.

*

Mr. J. D. Wilkinson, at present financial director of Eurotherm International, is to join the Board of NEXOS OFFICE SYSTEMS as financial director. He will remain on the Board of Eurotherm for the time being. Nexos is the office systems subsidiary of the National Enterprise Board formed at the beginning of this year.

*

Mr. John G. Keeling has been elected president of the UNITED KINGDOM AGRICULTURAL SUPPLY TRADE ASSOCIATION. He is chairman of Elsoms and of Unicorn Plant Breeders. Mr. Sydney C. Robinson, a main board director of RHM and chairman of RHM Agriculture, has become deputy-president of the association.

*

Mr. Richard A. Bailey has been appointed managing director of LILLY INDUSTRIES, the UK subsidiary of Eli Lilly and Co., Indianapolis, U.S. Mr. Bailey, a vice-president of Eli Lilly International Corporation, comes to London from the Rome office where he has been vice-president for France, Benelux, Southern Europe, North Africa and the Middle East since 1973. He joined Lilly in 1965 and became marketing planning director at London office prior to working in France and the U.S. Mr. Bailey succeeds Mr. Clifford Birkett, who is to retire at the end of 1979. Until that time Mr. Birkett will be a consultant for Lilly UK operations.

Mr. Richard Bailey

*

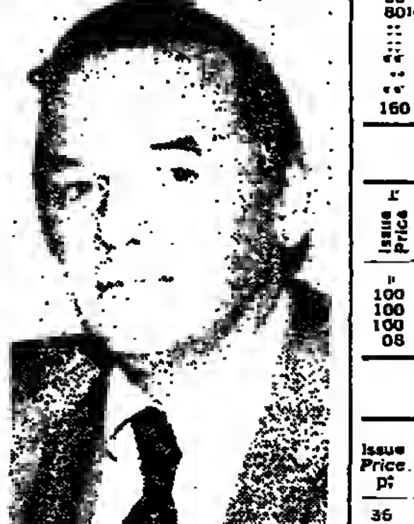
Mr. M. H. Fisher, Mr. C. P. Gibson and Mr. P. M. Mayer have been appointed to the Board of PEARSON LONGMAN.

*

The TYNDALL GROUP states that on August 31 Mr. R. L. Doughty is resigning from the boards of the Tyndall and London Wall Group of companies, and Mr. A. B. Clift, Mr. T. Chubb, Mr. W. F. Elgin, Mr. A. C. Johnson, Mr. A. F. Mayne, Mr. W. L. Mills-Roberts and Mr. M. J. K. Stevens will be appointed to the board of Tyndall Group. Mr. B. R. Pepperall, deputy chairman and managing director of Tyndall Group, will succeed Mr. Doughty as chairman and managing director of London Wall Group of Unit Trusts and Mr. D. J. Brewster and Mr. Chubb will join the board of that company.

*

Dr. Alfred W. Bull has become vice-president and general manager, gas division, of AIR PRODUCTS EUROPE, and his appointment will include continued responsibility for the general management and overall co-ordination of the company's merchant and tonnage gas business throughout Europe. He will transfer from Brussels to the Air Products European headquarters in New Malden, UK. Mr. Lou Phannenstiel has been made general manager of Air Products Cryogenic Systems Division in Europe and managing director of CSD OF AIR PRODUCTS LIMITED. He has relinquished the position of general manager of the process equipment department in Allentown. Mr. Phannenstiel succeeds Mr. Bruce Ambler, who will be returning to the U.S. to be vice-president, International of Air Products and Chemicals Inc.



Dr. Alfred Bull

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 29, 1978, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Oils	+36.95	Electricals	+ 5.92
Property	+32.21	Industrial Group	+ 8.58
Food Retailing	+29.70	Engineering Contractors	+ 7.81
Merchant Banks	+26.49	Capital Goods Group	+ 5.36
Stores	+26.11	Metal and Metal Forming	+ 4.78
Discount Houses	+24.47	Tobaccos	+ 3.39
Banks	+21.97	Investment Trusts	+ 3.24
Breweries	+15.52	Other Groups	+ 2.94
Entertainment and Catering	+19.26	Hire Purchase	+ 1.77
Electronics, Radio and TV	+18.95	Food Manufacturing	+ 1.76
Mining Finance	+17.55	Insurance (Composite)	+ 1.42
Gold Mines FT	+15.34	Mechanical Engineering	+ 0.18
Overseas Traders	+15.21	Contracting and Construction	+ 0.10
Insurance (Life)	+15.14	Chemicals	− 0.73
Newspapers and Publishing	+14.68	Motors and Distributors	− 2.38
Financial Group	+14.33	Packaging and Paper	− 3.84
Consumer Goods (Non-Durable) Group	+13.45	Household Goods	− 4.36
500-Share Index	+12.99	Office Equipment	− 5.85
All-Share Index	+12.76	Textiles	−11.38
Shipping	+12.32	Pharmaceutical Products	−11.70
Consumer Goods (Durable) Group	+10.21	Insurance Broking	−19.57
Building Materials	+10.15	Toys and Games	−23.60
Wines and Spirits	+ 9.09		

† Percentage changes based on Thursday, December 28, 1978 indices.

هكذامن الأحل

FINANCIAL TIMES STOCK INDICES

—	July 11	July 10	July 9	July 6	July 5	July 4	A year ago
Government Secs.	72.96	73.20	73.08	73.57	73.48	73.43	69.98
Fixed Interest	74.72	74.74	74.76	74.87	74.88	74.84	71.77
Industrial	468.6	476.7	468.7	471.0	467.7	473.9	473.3
Gold Mines	161.8	163.2	163.0	167.9	163.2	167.8	160.1
Gold Mines(Ex-$ pm)	147.5	150.0	168.5	157.9	153.5	149.4	106.3
Ord. Div. Yield	6.69	6.61	6.70	6.67	6.03	5.97	5.58
Earnings, Yld. % (full)	16.77	18.59	19.80	16.72	16.69	16.53	16.93
P/E Ratio (net) (*)	7.54	7.62	7.53	7.56	7.60	7.67	7.85
Total bargains	16,962	16,025	16,217	16,204	17,153	18,082	—
Equity turnover £m	—	63.99	62.36	73.61	86.23	94.15	81.22
Equity bargains total	—	12,741	11,024	10,680	12,058	13,963	18,287

10 am 472.3, 11 am 469.9, Noon 469.5, 1 pm 468.5, 2 pm 467.9, 3 pm 467.9.
Latest Index 01-246 8026.
* Nil=7.23.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	76.91 (4/5)	64.64 (5/2)	127.4 (9/1/35)	40.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (18/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	908.4 (6/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (28/10/71)
Gold Mines (Ex-$pm)	169.5 (6/6)	85.2 (2/1)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	July 11	July 10
—Daily		
Gilt Edged	143.2	128.5
Industrials	134.4	123.5
Speculative	24.7	24.7
Totals	89.2	81.7
5-d'y Av'r'ge		
Gilt Edged	135.6	143.9
Industrials	125.8	137.3
Speculative	30.2	30.1
Totals	85.4	87.6

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (19)

BEERS (3)
Gordon (L.) — Young & Co.'s A — Sandeman
BUILDINGS (1)
Crouch (D.)
ELECTRICALS (1)
Cableform
ENGINEERING (4)
Green's Economiser — Jones & Shipman — Hall (Matthew) — Utd. Engineering
INDUSTRIALS (6)
Canning (W.) — Goodkind (W.) — Christie-Tyler — Imp. Cont. Gas — Cole (R. H.) — Neil & Spencer
MOTORS (1)
Flight Refuelling
NEWSPAPERS (1)
Home Counties
TEXTILES (1)
Leigh Mills
TRUSTS (1)
London & Liverpool

NEW LOWS (74)

CANADIANS (1)
Int. Nat. Gas
BANKS (4)
Allied Irish — Bank of Ireland — Ottoman Bank — Do. 10pc Conv.
BEERS (1)
Irish Distillers
BUILDINGS (5)
Douglas (R. M.) — Milbury — Marchwiel
CHEMICALS (3)
Burrell — Croda Intl. Defd. — Hoechst Fin. 10pc Uns. Ln. — ICI — Yorks. Chems.
STORES (1)
Lincroft Kilgour
ELECTRICALS (1)
Sony
ENGINEERING (12)
Al Ind. Products — Johnson Firth Brown — Aurora Hldgs. — Lev's Foundries — CompAir — Neill (J.) — Hallite — Vickers — Hill & Smith — Williams (W.) — I.M.I. — Woodhouse Rixson
FOODS (3)
Lockwoods — Tavener Rutledge — Rowntree Mackintosh
INDUSTRIALS (12)
Avon Rubber — L.R.C. Intl. — Beecham — Metal Box — Bowater — Reckitt & Colman — Chubb — Turner & Newall — Fairbairn Lawson — Waterford — Hamilborne — Wood Hall
INSURANCE (8)
Bowring (C. T.) — Minet Holdings — Hogg Robinson — Sedgwick Forbes — Howden (A.) — Stenhouse — London United — Willis Faber
MOTORS (2)
Assoc. Eng. — Brown Bros.
NEWSPAPERS (1)
Marshall Cavendish
PAPER (1)
DRG
TEXTILES (7)
Cawdaw Ind. — Reliance Knitwear — Coats Patons — Rivington Reed — Courtaulds — Toray — Foster (J.)
TRUSTS (11)
Anglo Amer. Secs. — Northern American — Caledonian Trust — Northern Secs. — Clydesdale Inv. — Scot. Mort. & Trust — Drayton Cons. — Scottish Western — Glenmurray Inv. — Witan Inv. — Do. B Ord.
OVERSEAS TRADERS (1)
Steel Bros.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	5	66	15
Corpns. Dom. and Foreign Bonds	7	11	47
Industrials	115	424	876
Financial and Prop.	40	161	304
Oils	8	8	22
Plantation	2	9	20
Mines	32	59	51
Others	48	37	67
Totals	257	775	1,401

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wed., July 11, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., July 10 Index No.	Mon., July 9 Index No.	Fri., July 6 Index No.	Thurs., July 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	240.29	−1.1	17.81	5.81	7.31	243.06	241.07	241.73	240.73	215.33
2	Building Materials (27)	222.31	−0.8	18.29	5.88	7.21	224.02	223.80	224.90	225.76	192.16
3	Contracting, Construction (28)	355.93	−8.7	25.64	5.86	4.88	358.31	361.15	361.44	361.76	339.93
4	Electricals (14)	573.60	−1.9	13.63	3.91	10.05	584.64	574.63	576.48	568.95	469.14
5	Engineering Contractors (12)	378.66	−0.3	19.14	6.15	6.69	379.99	375.77	376.55	376.63	319.92
6	Mechanical Engineering (75)	179.65	−1.1	18.39	6.30	7.03	181.61	180.15	180.30	179.87	172.11
8	Metals and Metal Forming (16)	165.67	−0.8	19.48	9.04	6.41	166.97	165.55	166.27	165.46	162.26
	CONSUMER GOODS										
11	(DURABLE) (52)	225.84	−1.1	15.62	4.95	8.35	228.29	226.63	226.85	226.60	198.08
12	Lt. Electronics, Radio, TV (16)	308.17	−1.1	12.14	3.73	11.56	312.55	309.00	309.13	309.76	234.66
13	Household Goods (12)	159.36	+0.2	19.04	7.04	6.47	159.09	158.88	159.32	159.01	175.35
14	Motors and Distributors (24)	115.18	−1.3	22.66	7.20	5.36	116.72	115.96	116.16	115.25	124.56
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	232.05	−1.0	16.47	5.87	7.68	234.46	232.49	233.32	232.26	202.35
22	Breweries (14)	274.20	−0.9	16.27	5.50	7.26	276.65	274.91	275.30	275.49	222.70
23	Wines and Spirits (6)	305.94	−0.7	15.21	4.70	9.58	308.17	303.95	304.61	304.81	260.82
24	Entertainment, Catering (17)	312.05	−2.2	15.94	6.50	8.27	319.08	313.03	315.80	314.49	248.75
25	Food Manufacturing (19)	202.22	−0.5	19.52	6.33	6.36	203.18	201.84	201.42	200.34	195.60
26	Food Retailing (15)	292.99	−0.8	11.97	4.06	10.38	295.22	293.94	293.83	293.56	207.27
32	Newspapers, Publishing (12)	420.60	−0.3	22.21	6.92	6.39	421.87	422.48	425.72	425.33	398.05
33	Packaging and Paper (15)	123.27	−1.9	23.85	9.04	5.43	125.71	125.51	126.56	126.47	134.48
34	Stores (41)	237.24	−0.9	11.94	4.13	11.20	239.30	237.17	240.00	238.52	186.89
35	Textiles (23)	155.95	−1.4	23.22	9.75	5.48	158.09	158.10	160.07	159.25	178.47
36	Tobaccos (3)	239.82	−1.3	23.28	8.95	4.95	243.07	240.19	235.16	232.01	240.01
37	Toys and Games (6)	70.18	+0.4	32.45	9.34	3.70	69.88	70.62	70.98	71.51	107.85
41	OTHER GROUPS (99)	197.36	−1.1	16.21	6.24	7.61	199.49	199.09	200.33	200.81	197.40
42	Chemicals (18)	269.48	−1.4	18.83	7.01	6.20	273.26	272.40	274.83	276.69	282.21
43	Pharmaceutical Products (7)	213.55	−0.4	13.13	5.11	9.31	214.31	214.15	215.44	215.72	260.45
44	Office Equipment (6)	118.62	−2.1	17.28	6.62	7.30	121.18	119.42	118.87	118.73	132.29
45	Shipping (10)	453.83	−0.5	10.36	6.61	12.93	456.25	458.47	454.41	449.30	401.71
46	Miscellaneous (58)	239.45	−1.0	16.34	5.99	7.91	241.96	241.85	243.96	244.52	204.67
49	INDUSTRIAL GROUP (494)	232.26	−1.1	16.68	5.87	7.61	234.77	233.12	234.06	233.46	210.90
51	Oils (6)	695.35	+0.5	11.42	4.84	9.31	692.00	682.91	679.88	676.57	504.88
59	500 SHARE INDEX	269.29	−0.8	15.68	5.68	7.89	271.40	269.24	269.84	269.03	235.14
61	FINANCIAL GROUP (116)	189.34	−1.3	—	5.36	—	191.92	191.48	194.63	192.34	162.49
62	Banks (6)	234.40	−1.7	28.41	4.95	4.55	238.47	236.98	242.71	239.70	185.47
63	Discount Houses (10)	264.83	−0.1	—	6.92	—	265.04	266.20	266.20	266.20	204.12
64	Hire Purchase (5)	164.33	−1.3	20.22	5.28	6.37	166.52	164.55	167.27	164.85	149.36
65	Insurance (Life) (10)	151.47	−1.2	—	6.71	—	153.28	152.42	154.28	150.15	133.90
66	Insurance (Composite) (8)	122.06	−1.9	—	7.40	—	124.25	124.72	127.69	124.75	124.17
67	Insurance Brokers (10)	243.39	−2.2	20.64	7.54	6.93	248.95	249.94	251.65	252.39	338.72
68	Merchant Banks (14)	97.69	−0.2	—	5.65	—	97.90	97.72	97.97	98.49	78.59
69	Property (43)	349.64	−1.1	3.02	2.52	50.45	353.55	352.67	356.12	354.25	234.83
70	Miscellaneous (10)	118.88	+0.7	15.65	7.51	8.19	118.02	117.86	118.98	119.51	104.68
71	Investment Trusts (110)	208.73	−0.3	—	5.37	—	209.38	208.79	209.07	209.17	218.15
81	Mining Finance (4)	117.30	−1.5	16.75	6.44	7.23	119.03	119.90	119.51	118.37	101.28
91	Overseas Traders (20)	334.35	−0.8	16.26	7.44	7.53	337.20	337.18	338.05	338.77	316.25
99	ALL-SHARE INDEX (750)	246.17	−0.9	—	5.66	—	248.31	246.76	247.89	246.81	216.67

FIXED INTEREST PRICE INDICES

	British Government	Wed., July 11	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.39	−0.17	—	4.85
2	5-15 years	116.98	−0.33	—	5.81
3	Over 15 years	123.64	−0.35	—	7.30
4	Irredeemables	137.90	−0.44	—	7.24
5	All stocks	114.73	−0.28	—	5.98

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Wed., July 11	Tues., July 10	Year ago (approx.)
1	Low Coupons	5 years	10.20	10.14	8.85
2		15 years	10.71	10.66	11.02
3		25 years	11.20	11.15	11.72
4	Medium Coupons	5 years	12.20	12.04	11.55
5		15 years	12.28	12.20	12.25
6		25 years	12.24	12.19	12.34
7	High Coupons	5 years	12.44	12.34	11.69
8		15 years	12.61	12.56	12.72
9		25 years	12.57	12.50	12.99
10	Irredeemables		10.64	10.59	11.77

		Wed., July 11 Index No.	Wed., July 11 Yield %	Tues. July 10	Mon. July 9	Fri. July 6	Thurs. July 5	Wed. July 4	Tues. July 3	Mon. July 2	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.56	†12.90	57.68	57.56	57.65	57.66	57.65	57.49	57.23	66.83
16	Investment Trust Prefs. (15)	52.09	13.22	52.09	52.09	51.47	51.47	51.47	49.31	49.31	51.59
17	Coml. and Indl. Prefs. (20)	69.85	12.84	69.85	69.85	69.61	70.62	69.61	69.28	69.08	70.13

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	105.4	110.9	-0.6	3.79
Abbey Capital	36.9	39.3	-0.2	4.64
Abbey Income	43.7	46.5	-0.3	6.53
Abbey Inv. Tst. Fd.	37.2	39.6		5.63
Abbey Gen. Tst.	50.1	53.3	-0.3	4.52
Equitas Prog. Tst.	68.5	72.3	-0.4	4.63

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt & Pref.	98.2	103.3		12.22

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	73.3	78.4	-0.5	5.31
Brit. Inds. Fund	69.7	74.6	-0.4	5.84
Grth. & Inc.	40.4	43.2	-0.3	5.09
Elect. & Ind. Dev.	38.2	40.9	-0.2	4.56
Allied Capital	75.8	81.1	-0.5	4.71
Hambro Fund	116.0	124.1	-0.9	5.43
Hambro Acc. Fd.	136.0	145.5	-0.7	4.61
Income Funds				
High Yield Fd.	75.5	80.4	-0.2	8.08
High Income	70.5	75.4	-0.4	6.96
A. H. Eq. Inc.	40.8	43.7	-0.2	7.28
International Funds				
International	24.1	25.8	-0.1	3.11
Pacific Fund	34.1	36.5	-0.5	2.44
Secs. Of America	54.4	58.2	+0.1	2.16
Specialist Funds				
Smaller Co.'s Fd.	46.5	49.8	-0.2	3.80
2nd Smlr. Co's Fd.	58.5	62.6		3.91
Recovery Sits.	111.9	119.7	-0.9	4.48
Met. Min. & C'dty.	45.2	48.6	-0.1	5.33
Overseas Earnings	60.2	64.4	-0.3	4.50
Exempt Funds				
Far East Exempt	42.4	46.1	+0.1	3.18
Smaller Co. Exempt	73.4	77.5	-0.3	4.44
U.S.A. Exempt	95.9	99.7	+0.1	2.21

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	47.5	50.8	-0.3	4.82
Do. Accum.	63.7	68.1	-0.3	4.82

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital July 5	105.3	107.2		4.66
Gross Inc. July 5	78.0	79.7		9.79
High Yield July 5	91.3	91.9		9.25

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	104.8	111.4		2.90
Do. Acc.	128.0	136.7		2.90
G.T. Inc. Fd. Un.	172.7	183.7		8.30
G.T. U.S. & Gen.	128.2	136.3		3.00
G.T. Japan & Gen.	76.8	81.2		2.30
♦Gt. Pens. Ex. Fd.	215.6	226.3		2.90
G.T. Int'l. Fund	142.6	151.6		1.80
G.T. Four Yds. Fd.	55.6	59.1		7.90
G.T. Far East & Gen.	42.9	46.1		3.50

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A. (z)	35.1	37.5	-0.3	5.15

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP. 01-623 6114
Dealing only: 01-623 5766/5806

American Tst.	23.8	25.6	-0.1	1.00
British Tst. (Acc.)	61.4	66.0	-0.2	3.55
Commodity Share	28.3	30.3	-0.3	3.38
Extra Income Tst.	24.3	26.1	-0.3	9.59
Far East Trust	30.3	32.6	+0.1	0.14
High Income Tst.	61.2	65.9	-0.2	9.44
Income Fund	79.4	85.4	-0.2	7.17
Ins. Agencies	14.05	14.90	-0.06	4.17
Intl. Exempt Fd.	94.3	102.2	-0.1	6.85
Intl. Tst. (Acc.)	30.0	32.3	-0.1	1.05

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	30.5	33.2	-0.1	9.60

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SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12½	.....	—	—	—
171	102	Bougainville 50 Toea	108	.....	Q15c	1.0	7.1
140	84	BH South 50c	88	+1	—	—	—
860	340	Central Pacific	800	−20	—	—	—
318	182	Conzinc Riotinto 50c.	188	+5	NQ10c	2.0	2.8
36	16	Cultus Pacific N.L.	18	−1	—	—	—
21½	11	Endeavour 20c	13	−½	—	—	—
98	62	G.M. Kalgoorlie $1	84	−2	2Q3c	—	1.8
42	23	Haoma Gold N.L.	26	+1	—	—	—
200	148	Hampin Areas 5p.	190	−5	♦13.55	2.0	2.7
71½	25	Metals Ex. 50c	41	.....	—	—	—
275	168	M.I.M. Hldgs. 50c	178	+1	†Q9c	1.7	2.6
15	15	Minefields Expl.	15	.....	—	—	—
74	38	Mount Lyell 25c	38	.....	—	—	—
44	15	Newmetal 20c	16	.....	—	—	—
141	91	North B. Hill 50c	94	+1	†Q8c	1.3	4.4
22	11	Nth. Kalgurli	14½	+½	—	—	—
40	22	Nth. West Mining	25	+2	—	—	—
137	84	Oakbridge $A1	87	+1	Q12c	1.9	7.3
37	22	Oilmin N. L.	31	−4	—	—	—
130	58	Pacific Copper	64	.....	—	—	—
£10¼	625	Pancont'l 25c	800	+13	—	—	—
25¾	15½	Paringa M&Ex.5p	20	.....	—	—	—
510	268	Peko-Wallsend 50c.	300	+2	Q15c	3.5	2.6
340	145	Southern Pacific	310	−15	—	—	—
188	121	Westn. Mining 50c.	132	+4	†Q3c	0.7	1.2
11	9	Westmex	10	.....	—	—	—
65	50	Whim Creek 20c.	50	.....	—	—	—
25	13	York Resources	13	.....	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	25	.....	2.81	1.3	16.1
435	265	Ayer Hitam $M1	295	.....	Q300c	0.5	21.9
72	51	Beralt Tin	52	.....	4.0	3.3	11.0
270	175	Berjuntai $M1	185	+5	†Q110c	1.0	14.5
160	125	Geevor	125	.....	8.71	3.1	10.0
10½	8	Gold & Base 12½p.	9½	.....	—	—	—
365	295	Gopeng Cons.	330	.....	†18.0	1.4	7.8
370	295	Hongkong	320	.....	†12.5	2.8	5.6
98	64	Idris 10p	87	+2	8.0	ϕ	13.1
14	9½	Jantar 12½p	10	.....	♦—	—	—
95	58	Kamunting $M0.50	68	+5	†Q12.5c	2.1	4.0
620	210	Killinghall $M1	350	.....	—	—	—
465	365	Malay Dredging $M1	390	+5	†175c	0.7	1.7
57	28	ΔPahang	30	.....	—	—	—
123	60	Pengkalen 10p	105	+2	4.5	1.2	6.4
275	195	Petaling $M1	205	+10	†Q120c	1.3	12.6
85	65	Saint Piran	66	+1	†2.03	6.5	4.4
58	45	South Crofty 10p	46	+1	†4.19	2.0	13.0
230	170	South Kinta $M0.50	180	+5	†Q145c	0.6	17.3
405	285	Sthn Malayan $M1	340	+5	†Q190c	1.0	12.0
310	210	Sungei Besi $M1	265	.....	Q520c	ϕ	55.7
75	48	Supreme Corp. $M1	48	.....	2Q10c	—	4.5
105	94	Tanjong 15p	95xd	.....	7.5	ϕ	11.3
115	90	Tongkah H. Tin	90	.....	†Q24c	0.7	6.0
280	190	Tronoh $M1	195	.....	Q25c	5.2	2.9

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	69	.....	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	65	−1	—	—	—
13½	10	Burma Mines 17½p	12	.....	—	—	—
345	170	Cons. Murch. 10c.	270xd	.....	ZQ30c	—	5.7
410	325	Northgate C$1	345	+5	—	—	—
362	226	R.T.Z.	271	−2	11.5	2.7	6.1
31	18	Robert Mines	27	−2	—	—	—
65	34	Sabina Inds. C$1	36	.....	—	—	—
880	575	Tara Expln. $1	575	−12	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$14⅞	−⅛	Q200c	ϕ	16.3
$15½	890c	East Drie R1	$13⅛xd	.....	†Q115c	1.6	10.6
$10¼	350c	East Rand Prp. R1	962c	.....	†Q10c	—	1.3
$27½	$18¾	F.S. Geduld 50c	$26¼	−¼	†Q315c	2.4	14.5
$19⅝	$11⅛	Pres. Brand 50c	$18⅜	−¼	†Q150c	3.2	9.9
$18⅛	$10¼	St. Helena R1	$16½	.....	†Q190c	1.4	14.0
760c	407c	Stilfontein 50c	670c	.....	†Q66c	ϕ	12.9
$34½	$18¾	Vaal Reefs 50c	$32⅞	−⅜	Q260c	2.7	10.3
$50¼	$28¾	West Drie R1	$46¼xd	.....	Q615c	1.7	16.1
$35¼	$22¼	West Hldgs. 50c	$34	.....	†Q415c	1.9	14.8
$16¾	$10⅝	Western Deep R2	$16	+¼	Q147½c	2.2	11.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	26	.....	Sindall (Wm.)	155	.....
Bertam	25	.....	IRISH		
Bdg'wtr. Est. 50p	405	.....	Conv. 9% '80/82	£86⅞	−⅛
Clover Croft	28	.....	Nat. 9¾% 84/89	£71⅝	.....
Craig & Rose £1	£111½	.....	Fin. 13% 97/02	£95	.....
Dyson (R. A.) A	26	.....	Alliance Gas	62	.....
Ellis & McHdy	68	.....	Arnott	350	−20
Fife Forge	54	.....	Carroll (P.J.)	98	−5
Finlay Pkg. 5p	20	.....	Clondalkin	82	.....
Craig Ship. £1	305	−5	Concrete Prods.	88	.....
Higsons Brew	78	.....	Heiton (Hldgs.)	80	.....
Holt (Jos) 25p	257	−3	Ins. Corp.	210	.....
I.O.M. Stm. £1	168	.....	Irish Ropes	80	−7¼
Pearce (C. H.)	250	.....	Jacob	42	.....
Peel Mills	30	.....	T.M.G.	190	.....
Sheff. Refrshmt	95	.....	Unidare	83	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	9	I.C.I.	24	Tube Invest.	30
BOC Intl.	6	"Imps"	8	Unilever	55
B.S.R.	7	I.C.L.	55	U.D.T.	5
Babcock	18	Inveresk	7	Utd. Drapery	10
Barclays Bank	32	KCA	5	Vickers	18
Beecham	52	Ladbroke	22	Woolworths	7½
Blue Circle	18	Legal & Gen.	14	**Property**	
Boots	18	Lex Service	11	Brit. Land	7½
Bowaters	18	Lloyds Bank	25	Cap. Counties	9
B.A.T.	28	"Lofs"	5	Land Secs	25
Brown (J.)	50	London Brick	7	MEPC	17
Burton 'A'	26	Lonrho	8	Peachey	13
Cadburys	7	Lucas Inds.	25	Samuel Props.	14
Courtaulds	10	"Mams"	18	Town & City	2¼
Debenhams	0	Mrks. & Spncr	11	**Oils**	
Distillers	21	Midland Bank	50	Brit. Petroleum	100
Dunlop	6½	N.E.I.	14	Burmah Oil	13
Eagle Star	14	Nat. West. Bank	28	Charterhall	5
E.M.I.	12	Do. Warrants	15	Premier	5
Gen. Accident	21	P & O Dfd.	10	Shell	25
Gen. Electric	35	Plessey	10	Ultramar	25
Glaxo	50	R.H.M.	5	**Mines**	
Grand Met.	14	Rank Org.	25	Charter Cons.	16
G.U.S. 'A'	30	Reed Intnl.	18	Cons. Gold	20
Guardian	24	Sears	5½	Rio T. Zinc	27
G.K.N.	28	Spillers	4½		
Hawker Sidd	26	Tesco	7		
House of Fraser	18	Thorn	35		
		Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday July 12 1979

North Sea oil price rise expected soon

BY KEVIN DONE, ENERGY CORRESPONDENT

NORTH SEA oil producers are expected to agree higher prices in the next few days in the wake of the latest increases set by the Organisation of Petroleum Exporting Countries.

North Sea oil prices will approach the OPEC upper limit of $23.50 a barrel (a barrel contains 35 gallons), with the price of crude oil from British Petroleum's Forties Field reaching $23.20-23.25 a barrel, a rise of about 66 per cent since the end of last year.

The new prices will take effect from July 1.

With higher prices for term contract being introduced in the wake of the OPEC meeting, prices for crude and oil products on the world's spot markets have started falling from the dramatic peak reached three to four weeks ago.

The chief exception to that pattern is high-sulphur fuel oil, where prices have risen by about $10 a tonne since the beginning of the week.

Shortages of that product have developed in some markets because of the loss of production from the Abadan refinery in Iran through pipeline explosions.

Cargoes of high-sulphur oil are moving from refineries in the Mediterranean and North-West Europe to the Far East to replace the shortfall in supplies from the Gulf. Cargo prices in Italy have risen to about $142 a tonne.

The spot market accounts for only 3-4 per cent of total world oil trade. Prices are still far above general contract prices but have recently started to fall.

Saudi Arabia's announcement that it is increasing production appears to have had an important psychological impact on the market.

Little crude is being traded on the spot market, but Arabian light is being quoted this week at $30-$32 a barrel compared with the peak price of $36 a month ago.

Spot prices for the highest quality light, low-sulphur crudes have also fallen by about $4 a barrel from peak quotes of $40 a barrel three to four weeks ago.

Trading is light for most oil products on the open market, and prices have fallen by $15-$20 a tonne in the past two weeks. Premium petrol was quoted yesterday by oil traders in London at $380 a tonne (against a peak of $400), naphtha at $350 ($365), and gas oil at $360 ($385).

Prices of gas oil, used heavily for heating and transport, might rise in coming weeks, however, as stocks are rebuilt in northern Europe for the winter.

Agreement by North Sea producers on higher prices for the third quarter have been delayed until pricing patterns emerged firmly among producers of similar crude within OPEC.

The price of Ekofisk crude is likely to reach $23.50 a barrel, equal to the top OPEC prices, while Flotta crude from the Piper and Claymore fields will be set at $22.50-$22.75 a barrel because of its higher sulphur content.

● There will be an immediate increase in the price of paraffin in the UK today. Mr. David Howell, Energy Secretary, said yesterday that the Government had removed price controls to ensure the continuity of supplies. Prices would increase, reflecting recent OPEC rises. Crude oil prices have risen by about 30 per cent since the last increase in the price of paraffin.

Iran oil chief calls for troops

BY OUR TEHRAN CORRESPONDENT

A CALL for 1,000 troops to guard vital oil installations in the southern province of Khuzestan was made yesterday by Mr. Hassan Nazih, chairman of the National Iranian Oil Company. It followed another explosion which ruptured a pipeline early yesterday morning.

Amid reports of growing disorder in Khuzestan, the Iranian chiefs of security forces are divided over the security measures required. The province's minority Arab population is posing a real threat to Iranian oil exports, which were running at more than 3m barrels a day.

General Said Amir Rahimi, Commander of the Military Police, said yesterday: "I have 3,000 men ready to go to the south as soon as the Prime Minister, Mr. Mehdi Bazargan, says so." Earlier, he had been in touch with Mr. Nazih.

But Mr. Taghi Riahi, Minister of Defence, was quoted by Reuter as saying: "We have enough troops down there. We do not need any more."

On Monday, the Defence Minister announced the dismissal of General Rahimi, who defied the order and has been under the protection of the Ayatollah Khomeini's elite Siah Jamegan special guards. General Rahimi favours taking a hard line against Iran's dissident minorities.

Rich people's loss of wealth share 'reversed in 1975-6'

BY DAVID FREUD

THE SHARE of the nation's wealth held by the richest 1 per cent climbed steeply in 1975 and 1976, reversing the steady trend since the early 1920s, the Royal Commission on the Distribution of Income and Wealth says in its latest report, published yesterday.

The commission, which is to be wound up at the end of this month, finds that the reversal was due to the recovery in the prices of shares, where ownership is concentrated in the hands of the rich.

The richest 1 per cent of the *population's share* of wealth increased from 22.5 per cent in 1974 to 24.9 per cent in 1976. It had fluctuated about 30 per cent in 1966-71 and fell as a result of the stock market collapse in 1973-74.

The report indicates that, in spite of the long-term trend towards greater dispersal of wealth, there was a greater concentration in Britain than in the U.S. and Canada, the only countries with comparable statistics.

One of the likely reasons was that the rich were more likely to have inherited wealth in Britain than in the other two countries.

In contrast to the trend in wealth, the top 1 per cent of income-earners lost more ground in the two years to 1976-77.

However, the main beneficiaries were other individuals in the upper half of the income scale. Between 1949 and 1976-1977 the bottom half of the distribution had a relatively small increase in income share, from 23.7 to 24.5 per cent.

The report, on the commission's *standing* reference, typically updates by two years statistics contained in the previous standing reference report, which was published in November, 1977.

Two further reports will be published later in the year, one covering distribution of incomes from employment and self-employment and the other summarising the commission's work in the five years since it was set up.

Details, Page 6

Callaghan challenged from Left and Right

BY RICHARD EVANS, LOBBY EDITOR

THE CRUCIAL argument within the Labour movement over the levers of party power developed yesterday with MPs from both Left and Right demanding much more influence *for the Parliamentary* Labour Party at the expense of the party leader.

But there was a significant split between Left and Right on the need for open or secret ballots in elections to party posts, and this could become a key issue in discussions that will affect the future role and influence of Labour MPs.

Mr. Anthony Wedgwood Benn and Mr. Eric Heffer, two leading Left-wing MPs, put forward at a special party meeting proposals for the election of all front-bench spokesmen by open ballot on a show of hands.

But moderate MPs expressed fears that such a system could lead to intimidation by their local parties and the use of re-selection procedures if they voted against the Left. They far preferred a secret ballot.

Mr. James Callaghan, present at the discussions which were adjourned until next week, was clearly reluctant to make any precipitate move and urged caution. But MPs expect him to agree to a special inquiry conducted by members of the Shadow Cabinet and back-benchers on the future role of the PLP.

The initial signs last night were that Shadow Cabinet members and back-benchers regarded the pressure for more democratic processes within the PLP, particularly from younger members, as irresistible.

Although yesterday's debate concentrated on the Parliamentary party, the argument is part of much wider discussions on relations between the Leader and the rest of the party, the powers of the party conference and who should draft the party manifesto.

There was general agreement among MPs from Left and Right on the need for less patronage —personal appointments by the party leader—and more widespread elections of front-bench spokesmen.

Mr. Benn and Mr. Heffer wanted regular meetings of Labour MPs to be the "final authority" on all matters concerning the day-to-day work of the party in Parliament.

Three moderate MPs, Mr. Michael Thomas (Newcastle E.), Mr. Phillip Whitehead (Derby N.), and Mr. Giles Radice (Chester-le-Street), put forward proposals that would also increase the power of the PLP at the expense of the leader but would give MPs greater influence within the party as a whole. They were all in favour of secret ballots for front-bench posts.

The bitterness within the Labour movement was illustrated last night by Mr. Heffer when he argued on BBC radio that those who did not accept the constitution of the Labour Party, including Clause 4 on the need for more *state* ownership, and those who wanted to change the whole concept of the party should leave.

General Motors delays new cars

BY JOHN WYLES IN NEW YORK

GENERAL MOTORS has decided to delay by at least two weeks the introduction of its 1980 range of cars. It is the strongest indication yet that Detroit expects a protracted struggle to reduce record stocks of unsold vehicles.

The new range would normally be declared during the third or fourth week of September with a considerable advertising flourish by the large *companies and their dealers.*

But the drop in sales by dealers since the middle of May has built up stocks to a record 2.1m cars, the majority of which are the larger models with higher fuel consumption.

The companies are still uncertain whether the 26 per cent slump in sales last month was due to the petrol shortage or to a significant downward trend in the pattern of consumer spending.

If the slump was caused by the shortage, prospects for a modest sales recovery exist, provided supplies improve in the second half of the year.

But more petrol is not expected to bring a rapid turnround in sales of bigger cars, which is why General Motors is delaying the introduction of its 1980 range.

At the same time, the company is introducing various dealer incentives to help move unsold cars. The latest is a $500 payment to dealers for each big car sold.

Although July-September production forecasts are being reduced because of the large *stocks, General Motors, Ford* and Chrysler are reluctant to make big cuts because of the potentially significant impact on costs and earnings. They are, however, extending the plant closures scheduled for the next few months when assembly lines are retooled for the 1980 range.

General Motors still believes 1979 will be at least as good as 1978, when about 11.3m U.S. and foreign cars were sold. Putting a brave face on the change in its tentative launch date, the company stressed that one advantage of the two-week delay would be the opportunity to build up ample stocks of 1980 cars.

Shipborne gas process plant proposed

By Ray Perman, Scottish Correspondent

A £50m offshore plant to process North Sea natural gas liquids is to be proposed today. It would be built on board two redundant supertankers.

Three companies—Ben Line Steamers, Liquid Gas Equipment and Edinburgh Financial and General Holdings — are applying to the Orkney Islands Council for permission to station the plant just off the *island of Flotta, a mile from* Occidental's oil terminal.

They hope to be ready by the end of 1981 to process up to 2m tonnes of natural gas liquids a year which would otherwise be flared off from oil production platforms.

Mr. Dick Foreman, managing director of Ben Line, said that the aim was to provide a service for oil companies with gas to dispose of who wanted products such as butane, propane and ethane. "We do not plan to do any marketing ourselves," he said.

Three sources of gas liquids are being investigated: the Flotta terminal which already has gas processing plant, although future gas supplies may exceed capacity there; other oil terminals, particularly Sullom Voe in Shetland; and oil platforms in the North Sea.

This last source would entail the installation of equipment on platforms to separate gas liquids and load them into gas carrying tankers. It raises technical as well as financial questions and is probably feasible only for new developments and not for existing fields.

The success of the scheme depends on *enough* oil companies being willing to make the extra investment needed. At the moment it is estimated there is an annual potential of £200m in North Sea gas resources.

Building a gas fractionation plant on a ship would be new, although other types of process plant have already been mounted on floating platforms. The concept has several advantages over constructing an onshore plant.

The technical and engineering work can be done in a shipyard rather than on a remote site. There is no civil engineering and the ships which can be obtained fairly cheaply already have power and steam generators, living accommodation, and other facilities.

The proposal is to mount the fractionation columns on the deck of one ship, storage tanks on the other and to ground the two supertankers side by side in 40 ft of sheltered water. They would be close to shore but the immediate land area is uninhabited and already zoned for industrial development.

Monetary target is priority—Thatcher

BY RICHARD EVANS, LOBBY EDITOR

A CONCERTED campaign to emphasise the Government's determination to stick to its economic policy, particularly monetary targets, was launched yesterday by Mrs. Margaret Thatcher and other senior Ministers.

The Prime Minister said in Edinburgh that she put the Budget target of 7-11 per cent monetary growth as the Government's top priority, and would not be deflected by the latest bank lending figures or the prospect of a rise in mortgage interest rates.

She said it would take some time to get money supply targets into line, and held out no hope of an early fall in interest rates.

A similar message came from Lord Soames, Lord President of the Council, in an economic debate in the Lords. He said the Government would continue its present firm monetary policy and not be deflected by short-term considerations.

In the longer term, those responsible for collective pay bargaining must understand the consequences of the Government's action, and of their actions should they seek unrealistic pay demands.

"We are not going to allow our economic and industrial recovery to be put at risk by a continuing upsurge of inflation," he declared. Excessive pay rises would have one effect only, higher unemployment. This would not be pleasant but would be a reality of life.

Lord Thorneycroft, chairman of the Conservative Party and a former Chancellor of the Exchequer, said the Budget had provided the right framework for incentives. It was up to the people of the country to do their part.

"What was so disappointing was the reaction of trade unionists this week when they had utterly *refused* to look at any amendment to trade union law, while the electorate was clearly determined changes should take place.

Parliament, Page 8; Feature, Page 24

Continued from Page 1

U.S.

towards the supply side.

How President Carter will square the equation when he comes down from Camp David remains to be seen.

Some Administration officials, including Mr. Blumenthal and Mr. James Schlesinger, Energy Secretary, are known to have pushed for immediate decontrol of domestic oil and petrol prices to reduce demand. But Congressional leaders and consumer and environmental representatives have emphasised the political and economic consequences of such a resolution on the President's domestic standing.

There have also been rumours that Mr. Carter is mulling over the idea of creating a national energy board, capable of directing development of alternative energy sources and exerting some control over the oil market.

More certain is a massive push to hasten production of synthetic fuels, although such a programme would take time to be effective, and to restore the Presidential authority to impose petrol rationing, on which Congress began to move yesterday. On Tuesday, Mr. Carter finally implemented his plan to control temperature settings in public buildings in summer and winter, effective next Monday, which might save between 200,000 and 400,000 barrels of oil a day.

Weather

UK TODAY

MOSTLY dry with sunny periods.

London, E. Anglia, S.E., Cent. S., and S.W. England, E. Midlands, Channel Is.

Cloudy. Outbreaks of thundery rain. Max. 22C (72F).

Rest of England, Wales, Isle of Man, E. Scotland

Mainly dry, sunny periods. Max. 28C (68F).

W. Scotland, Cent. Highlands, N. Ireland

Mostly dry with sunny intervals, becoming cloudy. Max 19C (66F).

N.E. and N.W. Scotland, Orkney, Shetland

Cloudy, occasional rain or drizzle. Max. 15C (59F).

Outlook: Mainly dry with sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
				L. Plms.	S	25	77
				Lisbon	F	21	70
				Locarno	F	25	79
				London	F	20	68
				Luxmbg.	S	21	70
				Luxor	S	39	102
Ajaccio	S	27	81	Madrid	C	23	73
Algiers	F	34	93	Majorca	F	33	91
Amsdm.	F	20	68	Malaga	F	28	82
Athens	S	29	84	Malta	S	27	81
Bahrain	S	34	93	M'chstr.	F	20	68
Barclna.	F	28	82	Melbne.	C	10	50
Beirut	S	27	81	Milan	S	26	79
Belfast	C	18	64	Montreal.	C	24	75
Belgrd.	F	22	72	Moscow	F	22	72
Berlin	C	15	59	Munich	S	20	68
Biarritz	C	21	70	Nairobi	C	20	68
Bmghm.	F	21	70	Naples	S	29	84
Blackpl.	F	20	68	Nwcstl.	S	21	70
Bordx.	F	29	84	N. York	C	19	66
Boulgn.	C	18	64	Nice	S	25	77
Bristol	C	20	68	Nicosia	S	26	79
Budpst.	F	21	70	Oporto	R	19	66
B. Aires	S	15	59	Oslo	C	19	66
Cairo	S	33	91	Paris	F	23	73
Cardiff	C	18	64	Perth	S	17	63
Cas'b'ca	F	24	75	Prague	F	18	64
Cape T.	S	18	64	Reykjvk.	C	10	50
Chicago	S	28	82	Rhodes	S	26	79
Cpnhgn.	C	17	63	Rio J'o	S	25	77
Corfu	S	27	81	Rome	S	29	84
Dublin	S	18	64	Salzbrg.	S	21	70
Ednbgh.	F	19	66	Singapr.	C	27	81
Faro	F	25	77	Stckhm.	C	16	61
Florence	C	24	75	Strasbg.	S	23	73
Frankft.	F	21	70	Sydney	S	15	59
Funchal	F	22	72	Tangier	S	27	81
Geneva	F	22	72	Tehran	S	30	86
Gibrltr.	F	24	75	Tel Aviv	S	27	81
Glasgow	C	17	63	Tenerife	C	19	66
G'rnsey	F	18	64	Tokyo	C	27	81
Helsinki	C	16	61	Toronto	F	21	70
H. Kong	C	30	86	Tunis	S	34	93
Innsbrk.	S	23	73	Valencia	C	29	84
Invrnss.	F	19	66	Venice	S	24	75
I.o.Man	S	17	63	Vienna	S	21	70
Istanbul	F	24	75	Warsaw	C	16	61
Jersey	F	19	66	Zurich	F	23	73
Jn'burg	S	11	52				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

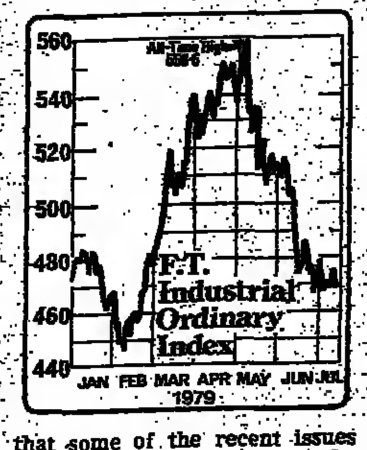
FFI's reward for thinking small

Only four years ago Finance for Industry was being built up as a potential supplier of funds to big, cash-hungry companies, rather than as an institution able to provide loans and equity capital to small ones. Today the situation is entirely different. In FFI's most recent business year big companies channelled a net £18m back into FFI, preferring to fund themselves elsewhere. But the ICFC subsidiary provided small companies with a gross £68m—an annual rate which had risen 2½ times in two years.

This sudden burst of small company financing has also proved profitable. Last year FFI made £11m on sales of its holdings and received £5m in dividends from its portfolio of unlisted companies. This portfolio appears to be one of the hidden strengths in FFI's balance sheet. It is on the books at its cost of £37m, but the after-tax earnings accruing to these shares totalled £14m, so they may be worth almost twice their book value.

Having ploughed back another £10m of earnings, and borrowed more than twice its funding requirement last year, FFI has started the year well placed to satisfy the continuing demand from entrepreneurs. It may next year let its own shareholders, the big banks, share in the delights of small company finance by paying them something more than a *nominal* dividend.

Index fell 7.1 to 468.6



Rights issues

Where have all the rights issues gone? A month and a half ago they were coming thick and fast and in the month immediately *after* the General Election five big companies alone (not to mention the tiddlers) raised close to £300m. But since the Thomas Tilling issue flopped three weeks ago rights issues have dried up. Given that only last month people were talking about the rights issue queue *stretching* into the early autumn, the absence of further big issues seems rather strange.

Of course there are good reasons why some companies may have decided to abort planned issues. Apart from the fact that July and August are thin times traditionally, since many people are away on holiday, the stock market has fallen sharply over the past couple of months.

Since the general election the FT Industrial Ordinary share Index has fallen by 16 per cent and is now back where it was at the start of the year. Given the current nervous mood in the equity market and the fact that some of the recent issues were plainly opportunistic, companies can find plenty of excuses to give up their places in the queue.

However, such explanations for the recent dearth of rights issues are not *entirely* adequate. After all the stock market is still higher than it was a year ago and, if anything, the underlying demand for new equity *capital has* increased as the corporate deficit has deteriorated and the tightening banking corset threatens their access to further bank finance.

So there could be another reason. Indeed, one or two companies that have applied for a place in the queue recently have been turned away. Either companies are pulling their issues at the very last moment or the authorities are keeping the way clear for the sale of BP or other State-owned shares. The last time, in 1977, there was a gap of one month either side of the BP issue.

Dollar premium

Quietly, the investment currency premium has staged something of a recovery: down to around 5 per cent at one stage last week after a particu*larly buoyant spell for sterling,* it was nudging 10 per cent yesterday on an effective basis. At the lower levels the premium was being influenced by panicky disposals of investment currency ahead of what looked to be a possible early move to relax exchange controls further. Now opinion is moving to the view that the relaxation, if it comes, could be a little while off. And some demand for premium currency has been generated by the recent flurry of interest in the Shell/Royal Dutch and Unilever Ltd./N.V. switches.

The investment currency market has been dominated by professional market makers' activities, however, and it seems bound to remain almost entirely speculative, with a constant threat of major structural changes culminating perhaps in extinction. At under 10 per cent the premium could nevertheless prove attractive to some investors who sense a big opportunity in overseas markets and are willing to take some short term risk. There is, however, a catch. The opportunity only arises because sterling is strong. And because sterling is strong, British *investors* have become very nervous of the currency risk attached to overseas stock markets, notably Wall Street.

Bundesbank meeting

To judge from the strength of the D-mark yesterday, the foreign exchange market is not expecting today's Bundesbank council meeting—the last *before the* summer recess—to be the sort of occasion at which Dr. Emminger will confine himself to wishing his colleagues a happy *holiday.* On previous form the Bundesbank is likely to raise the commercial banks' reserve requirements in order to purge the money markets of the recent capital inflows into Germany, and it will probably put up interest rates for good measure, even at the risk of antagonising Germany's neighbours through making the D-mark more attractive. There *has also been* speculation in Frankfurt that the ban on non-resident purchases of domestic bonds with less than four years to run might be extended to Schuldscheine, the promissory notes that have been popular with foreigners looking for a way round the controls.

The feeling that something is afoot has been increased by the behaviour of a number of EMS central banks, which were selling Deutsche Marks quite heavily yesterday although their currencies were still comfortably within the EMS limits. Last time the Bundesbank raised interest rates there was a similar round of prophylactic measures in various European capitals the day before.

For its own part, the Bundesbank still seems to be buying foreign currency—probably mostly dollars, rather than the weaker EMS currencies—at the rate of a good $1bn a week. Unless the new U.S. energy policy matches up to expectations it may soon be under pressure to intervene even more heavily, especially if the interest rate gap between Frankfurt and New York is closed any further.

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